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Report No: ICR0000743

IMPLEMENTATION COMPLETION AND RESULTS REPORT  
(DANI-21338 DFID-50001 DFID-50050 IDA-35720 JPN-26559)

ON A

CREDIT

IN THE AMOUNT OF SDR 87.9 MILLION  
(US\$ 110 MILLION EQUIVALENT)

TO THE

SOCIALIST REPUBLIC OF VIETNAM

FOR A

NORTHERN MOUNTAIN POVERTY REDUCTION PROJECT

June 23, 2008

Sustainable Development Department  
Vietnam  
East Asia and Pacific Region

## CURRENCY EQUIVALENTS

(Exchange Rate Effective May 31, 2008)

Currency Unit = Dong (VND)

VND 1.00 = US\$ 0.00006

US\$ 1.00 = VND 16,218

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

AAD	Applied Agricultural Demonstrations	IDA	International Development Association
CDB	Commune Development Boards	MIS	Computerized Management Information System
CDBC	Commune Development Budget Component	MOF	Ministry of Finance
CDD	Community Driven Development	MOH	Ministry of Health
CEM	Committee for Ethnic Minorities	MOLISA	Ministry of Labor, War Invalids and Social Affairs
CF	Community Facilitators	MPI	Ministry of Planning and Investment
CHS	Commune Health Stations	NCB	National Competitive Bidding
CPC	Commune People's Committee	O&M	Operations and Maintenance
CPMU	Central Project Management Unit (MPI)	PEC	Provincial Extension Centre
CSB	Commune Supervision Board	PIM	Project Implementation Manual
DCA	Development Credit Agreement	PPMU	Province Project Management Unit (DPI)
DES	District Extension Station	PTS	Province Training Schools
DFID	Department for International Development UK	SW	Small Works procurement
DOET	Province Department of Education and Training	VBARD	Vietnam Bank for Agriculture and Rural Development
DPI	Province Department of Planning and Investment	VHLSS	Vietnam Households Livings Standards Survey
DPMU	District Project Management Unit	VHW	Village Health Worker

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**VIETNAM**  
**NORTHERN MOUNTAIN POVERTY REDUCTION PROJECT**

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<b>A. Basic Information</b>			
Country:	Vietnam	Project Name:	Northern Mountains Poverty Reduction Project
Project ID:	P059936	L/C/TF Number(s):	IDA-35720,TF-21338,TF-26559,TF-50001,TF-50050,TF-53824
ICR Date:	06/27/2008	ICR Type:	Core ICR
Lending Instrument:	SIL	Borrower:	SOCIALIST REPUBLIC OF VIETNAM
Original Total Commitment:	XDR 87.9M	Disbursed Amount:	XDR 87.3M
<b>Environmental Category: B</b>			
<b>Implementing Agencies:</b> Ministry of Planning and Investment (MPI)			
<b>Cofinanciers and Other External Partners:</b> UK-Department For International Development			

<b>B. Key Dates</b>				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	11/16/1999	Effectiveness:	03/06/2002	03/06/2002
Appraisal:	12/04/2000	Restructuring(s):		
Approval:	10/25/2001	Mid-term Review:	10/03/2005	04/29/2004
		Closing:	12/31/2007	12/31/2007

<b>C. Ratings Summary</b>	
<b>C.1 Performance Rating by ICR</b>	
Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

<b>C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)</b>			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Moderately Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory
<b>Overall Bank</b>	Satisfactory	<b>Overall Borrower</b>	Satisfactory

<b>Performance:</b>		<b>Performance:</b>	
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### C.3 Quality at Entry and Implementation Performance Indicators

Implementation Performance	Indicators	QAG Assessments (if any)	Rating
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:	Satisfactory		

### D. Sector and Theme Codes

	Original	Actual
<b>Sector Code (as % of total Bank financing)</b>		
General agriculture, fishing and forestry sector	40	40
General education sector	10	8
Health	10	7
Roads and highways	30	35
Sub-national government administration	10	10
<b>Theme Code (Primary/Secondary)</b>		
Indigenous peoples	Primary	Primary
Other social protection and risk management	Primary	Primary
Participation and civic engagement	Primary	Primary
Rural policies and institutions	Primary	Primary
Rural services and infrastructure	Primary	Primary

### E. Bank Staff

Positions	At ICR	At Approval
Vice President:	James W. Adams	Jemal-ud-din Kassum
Country Director:	Ajay Chhibber	Andrew D. Steer
Sector Manager:	Hoonae Kim	Mark D. Wilson
Project Team Leader:	Son Thanh Vo	Alan L. Piazza
ICR Team Leader:	Nicolas Perrin	
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## F. Results Framework Analysis

### Project Development Objectives (from Project Appraisal Document)

The project's development objective is for poor villagers in the northern mountains to use a variety of improved and sustainable infrastructure and social services, and to increase the institutional capacity of upland communes and districts. Progress towards meeting this objective will be measured by: increased access to, and use of transport, market, water, health and education services; sustained improvement in the quality of services; adequate maintenance of new infrastructure and establishment of operations and maintenance systems; increased district and commune management capacity and sustained improvements in agricultural livelihoods.

### Revised Project Development Objectives (as approved by original approving authority)

PDO has not been revised.

#### (a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Increased access to and use of transport, market, and water services			
Value quantitative or Qualitative)	No baseline at appraisal	6.5 km/commune paved roads from district; 124 mins travel time per market visit; 79 hh/commune with access to clean water; 205 people/commune using clean water; 64 ha/commune irrigated land		2110km/356 = 5.92 km/commune-district roads constructed (average)  104 mins travel time per market visit (average)  332 hh/commune with access to clean water (average)  18,925 ha/356 = 53.16 ha/com (incremental)
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	91% target achieved for increasing commune paved roads from district 119% target achieved for reducing travel time /market visit 420% target achieved for increasing hh/com with access to clean water 183% target achieved for increasing ha/com irrigated			
<b>Indicator 2 :</b>	Increased access to and use of health and education services			
Value quantitative or Qualitative)	No baseline set at appraisal	Average, 0.8 health station per commune		Average, 1.1 health station/commune (2007)

		3.2 concrete classrooms for primary school/commune 0.4 concrete classrooms for secondary school/commune 2.6 classrooms of nursery-kindergarten per commune Average total area of houses for teacher/comm: 69.9m2		18.6 concrete classrooms for primary school/commune 9.0 concrete classrooms for secondary school/commune 7.5 clr. of nursery-kindergarten/commune Average total area of housed for teacher/com: 301.9m2
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	137.5% target achieved for increasing health station/commune 581.25% for providing concrete classrooms for primary school/commune 288.5% for providing classrooms of nursery kindergarten/com 431.9% for improving total area of houses for teacher/com			
<b>Indicator 3 :</b>	Sustained improvement in service quality assessed by all villages and groups			
Value quantitative or Qualitative)	No baseline set at appraisal	62% of poor households report #better# teaching quality and 89% #agree# that health service is better		55.6% of beneficiaries are #very satisfied# with the quality of school and teaching, 44.4% are #satisfied#.  The corresponding satisfaction figures for the quality of health stations and service are 50% of very satisfactory, 50% of satisfactory
Date achieved	12/31/2001	12/31/2004		12/31/2007
Comments (incl. % achievement)	Level of satisfaction is higher, though it's impossible to attribute these achievements only to NMPRP. The project has significantly contributed to the overall sustainable improvement of quality services provided to and accessed by local people			
<b>Indicator 4 :</b>	Sustained improvement in agricultural livelihoods assessed by all villages and groups			
Value quantitative or Qualitative)	Average income per household VND 4,300,000	No targets set at appraisal		Average income per household in project area (survey 2007): VND 10,600,000)
Date achieved	12/31/2001	10/26/2001		12/31/2007

Comments (incl. % achievement)	246.5% target achieved for the average income per household. 86,000 HHs participated and applied 3,481 AAD which contributed to the improvement of their livelihoods. 83.7% of the beneficiaries were poor HHs.
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**(b) Intermediate Outcome Indicator(s)**

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
<b>Indicator 1 :</b>	Institutional capacity at district and commune level increased			
Value (quantitative or Qualitative)	No experience at commune level in investment ownership	No training target set at appraisal; all communes in project to be investment owners under commune development budget component (CDBC) by EOP		16,980 persons attended training by the project.  100% communes acted as Investment Owners for CDBC
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	100% of project communes implemented CDBC (356 communes), and 100% communes are Investment Owners for CDBC			
<b>Indicator 2 :</b>	Increased provision of rural roads, irrigation, and clean water at commune and village levels			
Value (quantitative or Qualitative)	No baseline	1,282 km commune to village roads upgraded;  18,350 ha land newly irrigated and used by 54,000 households;  38,000 households using newly supplied clean water		930 km commune to village roads upgraded (72.5%)  18,925 ha land newly irrigated (103%)  32,197 HH using newly supplied clean water (85%)
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	72.5% of the commune to villages roads upgraded target was completed 103% of land newly irrigated target was achieved 85% of the HH targeted are using supplied clean water. For all infra. categories a lesser number of works were contracted than plan			
<b>Indicator 3 :</b>	Increased provision of improved health and education facilities at commune and village levels			
Value	No baseline	161,000 people		353,871 HHs got



(quantitative or Qualitative)		with access to improved health care facilities;  155 commune health stations equipped to required standards;  2,795 improved school facilities built at communes and villages		access to improved health services (219% of e.o. p targets)  128 commune health stations equipped (82%)  1,693 improved education facilities built (61% of e.o.p targets)
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	219% of the original target achieved for increasing HH access to improved health services 82% commune health stations have been equipped 61% target achieved for the building of improved education facilities			
<b>Indicator 4 :</b>	Increased outreach of agricultural extension activities			
Value (quantitative or Qualitative)	No baseline	4,722 applied agricultural demonstrations completed; 72,000 households participating		3,481 AAD models completed. 86,000 household participating
Date achieved	12/31/2001	10/26/2001		12/31/2007
Comments (incl. % achievement)	73.7% of the models target has been completed and 119.4 % of the HHs target participated. A model is defined as a #technology demonstrated in a commune#. In each commune, each type of model may be applied in X number of villages and X number of HH involv			

## G. Ratings of Project Performance in ISRs

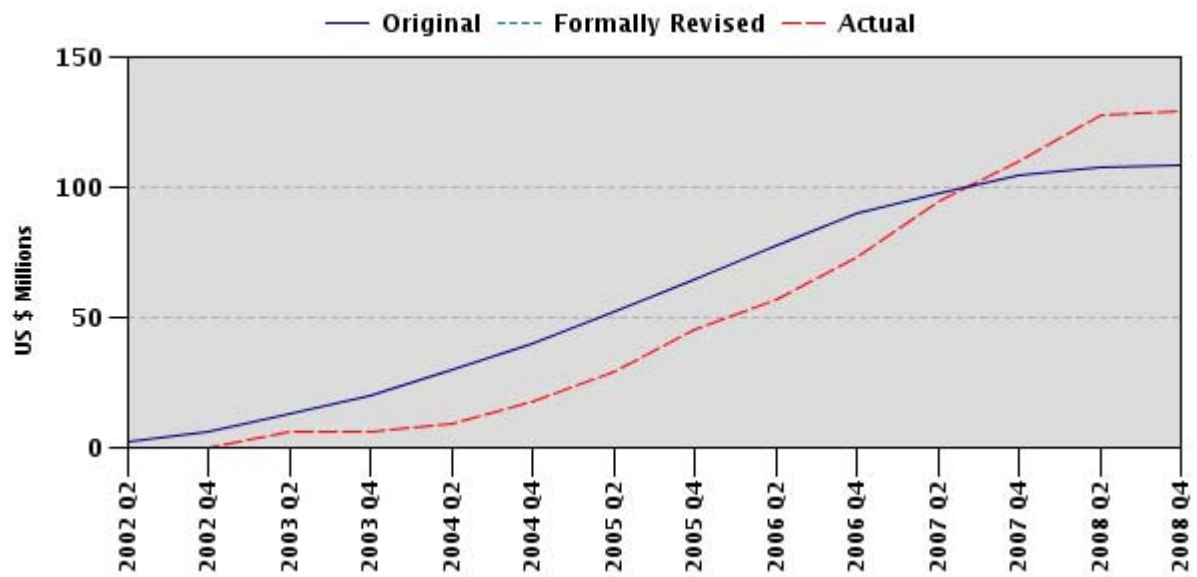
No.	Date ISR Archived	DO	IP	Actual Disbursements (USD millions)
1	12/17/2001	Satisfactory	Satisfactory	0.00
2	05/31/2002	Satisfactory	Satisfactory	0.00
3	11/25/2002	Satisfactory	Satisfactory	5.80
4	05/16/2003	Satisfactory	Satisfactory	6.04
5	11/19/2003	Satisfactory	Unsatisfactory	8.20
6	05/19/2004	Satisfactory	Unsatisfactory	15.92
7	07/30/2004	Satisfactory	Satisfactory	19.67
8	12/17/2004	Satisfactory	Satisfactory	27.65
9	06/03/2005	Satisfactory	Satisfactory	42.18
10	12/22/2005	Satisfactory	Satisfactory	56.54
11	07/09/2006	Satisfactory	Satisfactory	75.92

12	03/17/2007	Satisfactory	Satisfactory	103.48
13	08/04/2007	Satisfactory	Satisfactory	112.51

## H. Restructuring (if any)

Not Applicable

## I. Disbursement Profile



# **1. Project Context, Development Objectives and Design**

## **1.1 Context at Appraisal**

The Northern Mountains Poverty Reduction Project (2002 to 2007) was one of the two World Bank financed projects in Vietnam that adopted a Community Driven Development (CDD) approach with aims to achieve accelerated rural development and targeted poverty reduction in some of the poorest rural areas of the country<sup>2</sup>. The project was designed and introduced to support the Government's efforts to maintain growth with equity, and to help address widening differences in the rate of economic development between urban and rural areas. The project was an integral part of the Government's overall program for poverty reduction in the remote and difficult mountainous areas, which included the majority of Vietnam's poorest rural communes<sup>3</sup>.

The project has drawn on the experiences of decentralized and participatory projects in Vietnam, such as UNDP/IFAD/UNCDF projects, as well as projects in the other countries in the region such as the First and Second Village Infrastructure Projects in Indonesia and the Southwest and Qinba Mountains Poverty Reduction Projects in China.

The development objective was consistent with the priorities of the Country Assistance Strategy (1998) and the CAS Progress Report in place at the project appraisal in 2000 and the Interim Poverty Reduction Strategy Paper in 2001 which included accelerated rural development and targeted rural poverty reduction as one of the main goals. The project concept was built upon the Government's ongoing policy initiatives and targeted poverty reduction programs that explicitly encouraged a decentralized development process and Decree 29 on Grassroots Democracy which provided a well-defined framework for consultation, participation, and transparency concerning public works at the commune level.

## **1.2 Original Project Development Objectives (PDO) and Key Indicators**

The project's development objectives were for poor villagers in the northern mountains to use a variety of improved and sustainable infrastructure and social services, and to increase the institutional capacity of upland communes and districts. Progress towards meeting these objectives were to be measured by: (a) access to, and use of, transport, markets, water, health and education infrastructure and services; (b) changes in service quality as assessed by villages and groups; (c) the sustainability of operation and maintenance systems; (d) changes in districts and communes management capacity; and (e) improvements in agricultural livelihoods as assessed by villages and groups.

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<sup>2</sup> The other project being the Community Based Rural Infrastructure Project (CBRIP) that operates in 13 provinces of the central regions of the country.

<sup>3</sup> Such as *Socio-economic Development of Communes with Greatest Difficulties in Mountainous and Ethnic Minority Areas* -P135, phase 1 and 2-, P136, border area program, etc

### **1.3 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification**

No formal revision of the project development objectives (PDO) was required during project implementation. Although no targets were set at appraisal for the PDO indicators, the key indicators were recalibrated in 2004 when the baseline was established. The PDO indicators on the sustainability of operation and maintenance systems were substituted by the Monitoring & Evaluation (M&E) system development through a series of targeted studies and participatory supervisions<sup>4</sup>.

### **1.4 Main Beneficiaries,**

The project adopted a multilevel targeting strategy for poverty reduction for disadvantaged remote communes with specific interventions to benefit poor groups and households. The project area included 356 rural communes (and some 3,500 villages) in 44 districts in 6 provinces of the Northern Mountains Region of Vietnam – Lao Cai, Son La, Yen Bai, Hoa Binh, Phu Tho and Bac Giang provinces<sup>5</sup>. According to the 1999 Population Census, the project area had a population of just over one million, including approximately 980,000 ethnic minority people that made up 86% of the project beneficiaries.

The project area is characterized by a high degree of ethnic diversity. Six groups comprise 90% of the ethnic minority population including the H'Mong, Muong, Thai, Tay, Dzao and Nung. These ethnic groups are distributed throughout the six provinces and co-exist side-by-side within a commune or village. The topography of the project area is highly dissected mountainous terrain, with many isolated valleys in which rural communities are located. A majority of communes included in the project were classified as communes facing special difficulties in mountainous and ethnic minority areas (Zone III Communes) according to the Government classification employed at the time of project preparation<sup>6</sup>.

During preparation, guidelines for project design and planning were issued to pay special attention to ensure that women were adequately represented in the identification and prioritization of project activities and provided with equal opportunity. During implementation, its progress was monitored and recorded which indeed showed that women were included and well represented throughout the process.

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<sup>4</sup> See section 2.5 on M&E for more information.

<sup>5</sup> The project originally covered 368 communes with the inclusion of 12 communes in Than Uyen District in Lao Cai. In 2004 Than Uyen District joined Lai Chau Province and project activities were discontinued.

<sup>6</sup> Decision No.42/UB-QD (dated 23 / 05 / 1997) of the Committee for Ethnic Minorities and Mountainous Areas on the Identification of Three Zones in Upland and Mountain Areas. The criteria used in this classification included: (i) remote, isolated or upland communes (>20km from growth areas); (ii) temporary or weak infrastructure (lack of roads, irrigation, health and education services); (iii) poor social conditions (poor health, illiteracy, limited schooling); (iv) difficult agricultural production conditions (lack of paddy land, lack of inputs); and (v) household poverty rates (>40% of the population below the old poverty line according to MOLISA).

## 1.5 Original Components

The project included six components. First three components constituted 66.5% of the total original project costs which was financed by over 70% of the IDA Credit.

- **Component 1: Rural Roads and Markets.** This component supported construction and upgrading of district-to-commune, commune-to-village and inter-village roads and pathways; bridges and road drainage structures; and commune markets. In the project design it was specified that no more than 30% of the total project costs should be allocated to this component (original cost: US\$ 34 million).
- **Component 2: Agriculture, Irrigation and Domestic Water Supply.** This included sub-components in construction and upgrading of small-scale irrigation schemes; construction and up-grading of domestic water supply schemes; applied agriculture demonstration models; the provision of extension training; and an 'on-site' research program on upland agriculture (original cost: US\$ 36 million).
- **Component 3: Health and Education.** This included construction and upgrading of commune and village primary school classrooms, kindergartens and teacher accommodation; construction and upgrading of commune health stations; the provision of furniture and basic equipment for the schools and commune health stations; community health awareness campaigns; and upgrading teacher and health worker qualifications (original cost: US\$ 18 million).
- **Component 4: Commune Development Budget Component (CDBC).** This component was designed to support small-scale sub-projects and activities that were identified and implemented by local communities themselves. Eligible sub-projects for funding using the CDBC comprised 15% of the province project and commune budget allocations (original cost: US\$ 17 million).
- **Component 5: Institutional Capacity Building.** This included sub-components in commune and village cadre training and capacity building; province and district training and capacity building; project monitoring and evaluation; public information and communications; and Technical Assistance inputs. This component was co-financed through the DFID Grant and was managed by the Central Project Management Unit (original cost: US\$ 10.5 million).
- **Component 6: Project Management.** This component included incremental operating and transport costs for the central, provincial and district Project Management Units and for the Commune Development Boards; the supply of office equipment, training and transport for the central, provincial and district PMUs; and the provision of consultancy services for project monitoring, supervision and reporting (original cost: US\$ 8 million).

## 1.6 Revised Components

The structure of the project components was not revised during implementation, however three significant changes were made during project implementation as discussed in section 1.7.

## **1.7 Other significant changes**

The number of communes supported under the project was decreased from 368 communes to 356 communes. This is because in 2004, Than Uyen district of Lao Cai province was moved to the newly set-up Lai Cai province under administrative boundary changes. Having had considered all options, it was decided then that twelve (12) communes in Than Uyen district were removed from the project all together.

Two amendments to the Development Credit Agreement were approved in December 2004 and April 2007 to allow for an adjustment in fund allocation between expenditure categories. These amendments did not alter the overall allocation of resources to the different project components. For a majority of civil works under Components 1-3, the cost estimates made during project preparation as contained in the Feasibility Reports had to be revised. This was largely due to the inflation in construction costs between the time cost-estimates were made during project preparation and the time they were implemented several years later. These shortfalls in funding were largely covered by the increased IDA Credit amount resulting from changes in the SDR / US\$ exchange rate.

One amendment was made to the Grant Agreement in September 2005 to allow all activities and investments to support the Management Information System (MIS) to be financed by a DFID Grant up to 100% rather than 75% as envisioned during preparation.

## **2. Key Factors Affecting Implementation and Outcomes**

### **2.1 Project Preparation, Design and Quality at Entry**

*Rating: Moderately Satisfactory.*

The soundness of the *background analysis* was *satisfactory*. The preparation of the project took long from November 1998-2001 mainly because of the high degree of institutional complexity and the novelty of the new approach being introduced in Vietnam. This detailed preparation allowed a strong background analysis and government ownership in the project design which was particularly important given the complexity of the integrated approach and logistical challenges created by the geographical dispersion of the project area.

Second, the *project design - objectives, components and organization-* were appropriate for the context of rural Vietnam. The principal strengths of project design were: (a) strong country involvement in project designing and preparation; (b) the decentralized management and procurement institutional arrangements; and (c) the use of pilot which allowed identification of risks early to allow modification of the project design.

The *Government Commitment* was strong, which was imperative to be able to coordinate the implementation of the complex and innovative approaches. From the outset, the Government led the preparation process with support from the Bank and partners. This

ensured a strong ownership and understanding of the project by the central and local Government authorities. Project preparation involved an intensive planning process undertaken together with the province, district and commune authorities. This included participatory community assessment and sub-project identification exercises including determining the level of fund allocation to each commune and to each project component.

*Decentralized management and procurement institutional arrangements:* Both the Government and the Bank agreed to decentralize the responsibilities for decision-making, project planning and implementation to district and commune levels. The NMPRP adopted a ‘decentralized’ model of direct disbursement to province level. The IDA funds were disbursed to seven Special Accounts: one under the CPMU and to six Province Special Accounts managed by the PPMUs (with an additional SA under CPMU for the DFID Grant). Fund flow from the Province Special Accounts was made to District ‘Second-generation’ Project Accounts and ultimately to separate Commune sub-accounts for the CDBC, held in the district branch of Bank for Agriculture and Rural Development. While this was complex and elaborate scheme and necessitated intensive capacity building, these fund flow arrangements allowed decentralization which was matched by designated levels of Investment Ownership under the project<sup>7</sup>. In addition, during the preparation and start-up period of NMPRP, project management and implementation guidelines and legislative documents were prepared to formulate a framework for decentralization such as the promulgation of Circulars guiding project financial management by the Ministry of Finance. This is a particular advantage of NMPRP, since regulations providing a basis for decentralization have not been as fully developed under some comparable projects.

Given decentralization was a new concept to Vietnam, the project start-up was expected and was indeed slow but the pace picked up significantly in subsequent years. A *Pilot Commune Program*<sup>8</sup> was included in the designed to accelerate and gain implementation experience. The pilot communes (two in each province) in remote and less remote areas enabled testing of the project approaches and procedures before scaling it up to full implementation.

One shortcoming for the quality at entry has been that no targets for the PDO indicators were set at appraisal. This resulted in a recalibrating of the PDO indicators and target values during development of the baseline in 2004<sup>9</sup>.

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<sup>7</sup> The districts are the investment owners for the majority of small-scale infrastructure works, while the communes are investment owners for the CDBC, and the PPMUs for a limited number of larger works and service contracts. The involvement of a large number of implementing agencies due to the project scope and nature also added to the complexity in design and created some difficulties for the implementation at the beginning but was solved later during the MTR.

<sup>8</sup> There were 10 pilot communes in 5 provinces, 2 funded by DANIDA in Son La (TF-21338); 6 by Japan in Bac Giang, Phu Tho and Hoa Binh (TF-26559) and 2 by DFID in Lao Cai (TF-50001).

<sup>9</sup> See section 2.3 for more details.

## 2.2 Implementation

The factors contributing to the successful implementation of the project have been the good quality of the supervision missions, including the timely and effective mid-term review (MTR), and the strength of the institutional partnership. The project had a slow start and was considered “unsatisfactory” until 2003 due to the complex management responsibilities, complicated procurement procedures, and weak institutional capacity. The decisions taken during the MTR and frequent supervision from October to April 2004 helped improve the overall progress in terms of financial disbursement and the implementation of investment activities to a satisfactory status. Key changes introduced at the MTR which contributed to improving the performance the project<sup>10</sup> are discussed below:

*Clarifying management responsibilities:* An underlying issue affecting project implementation up until the MTR was the differing interpretations of ‘decentralized management’. The role of CPMU in processing and approving provincial withdrawal applications and the Procurement Plans was not fully understood. This lack of clarity impacted on the initial project performance and contributed to the slow implementation of the DFID co-financed Capacity Building Plan<sup>11</sup>. The MTR also identified staffing deficiencies (a lack of full time staff working on the project, and a lack of staff in some technical areas) particularly at CPMU and district level (DPMUs). Following the MTR, the National Project Steering Committee with the support of the Bank clarified management responsibilities between the CPMU (coordination and supervision) and PPMUs (implementation and coordination with DPMUs).

*Streamlining implementation and procurement procedures:* The MTR streamlined the implementation procedures by allowing provinces (PPMUs) to manage matters relating to procurement and prior approval. This helped simplify the overall project management system and enabled CPMU to concentrate more on its coordinating functions<sup>12</sup>, and most responsibilities for managing civil works procurement was transferred from Provinces to Districts. The MTR also restructured the Technical Assistance by promoting more short-term, local advisers, and concentrating on practical hands-on training, focused studies etc.

Following these changes, the implementation progress improved considerably including the disbursement rates from IDA. The completion of the project at the original scheduled Closing Date of December 31, 2007 reconfirms the effectiveness of the changes and significant achievement made since the MTR. .

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<sup>10</sup> See annex 7 for more details.

<sup>11</sup> Component 5: Institutional Capacity Building was co-financed by a DFID Grant which was provided through a Trust Fund (Trust Fund No. TF 050050) that was administered by the International Development Association and managed and implemented by the Central Project Management Unit under MPI.

<sup>12</sup> Such as the implementation of the Capacity Building Plan for the PPMU, DPMU and communes, the implementation of M&E, the coordination of communications, lesson-learning, the promotion of horizontal exchange of information among project implementing agencies, etc.



### 2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

(a) The *M&E system design is moderately satisfactory*. M&E was challenging given the large geographical area of the project and the decentralized management in multiple provinces, districts and communes. The large number of sub-projects also posed challenges for maintaining accurate and up-to-date information on implementation progress and results.

The M&E system suffered some initial shortcomings due to insufficient design: (a) no targets for the PDO indicators were set at appraisal; (b) the baseline survey was not implemented until late 2004<sup>13</sup>; (c) Some PDO indicators were output indicators instead of outcome indicators, which made the project impact and the achievement of the outcomes difficult to evaluate; and (d) the MIS was ready until 2004 and was probably too ambitious at the outset, especially given DPMU's capacity to maintain and use the system and the large range and volume of data required.

In the end, the project provided considerable attention to M&E. Over US\$ 4 million DFID grant was provided to strengthen capacity of province, district and commune authorities, project management units and improve M&E systems, and also to carry out special studies. This represented around 3% of the total project costs, which aimed to undertake lesson-learned and document project results for replication in similar programs in Vietnam in the future.

(b) M&E implementation has been successful. Despite the shortcomings identified at the quality at entry, M&E as implemented was effective. In most of the cases, data was collected in time following appropriate methods, and CPMU benefitted from progress report prepared by the PPMUs on a regular basis. During the last two years of implementation CPMU adapted a flexible draw-down contract system to commission independent monitoring studies with a consultant company and supervised M&E support services. In parallel, MPI has conducted numerous case studies and researches and results were included in the Progress Reports, and again reflected in the provincial Completion Reports.

(c) Overall, application and utilization of the *M&E at completion has been highly satisfactory*. The result based M&E system under the project has significantly helped the project implementation and monitoring, allowing rapid informed decision and timely resource allocation. It also contributed in shifting the focus within the Government concerning basic infrastructure investments in poor, ethnic minority communes away from measuring inputs and outputs towards measuring outcomes. The M&E of the

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<sup>13</sup> The baseline was constituted from different sources over time such as the Commune Standard documents or MPI's feasibility studies done in 1999/2000 and which served as a baseline for basic infrastructure, but also of data from the Vietnam Household Living Standard Surveys rounds between 2002-2004 carried out by the General Statistic Office (GSO) and were finally consolidated into a proper baseline survey done by the contracted firm in charge the MIS design (Mekong Economics)

NMPRP is considered an example of good practice and has been used at several training workshop on M&E, and helped strengthen the capacity of national staff at all level.

## 2.4 Safeguard and Fiduciary Compliance

Compliance with OD 4.20 **Indigenous Peoples** was satisfactory. Ethnic minority people comprised the majority of the project's beneficiaries. As part of the project preparation a socio-economic study was commissioned to assess the project design and proposed strategy with regards to Indigenous Peoples. During project preparation a *Strategy Action Plan for Ethnic Groups* was prepared as a part of the Project Implementation Manual (PIM). The Action Plan emphasized the importance of ensuring the participation of different ethnic minority communities in all aspects of project planning and implementation, and that project interventions should be culturally appropriate. This principle underlined all aspects of project design to ensure that ethnic minorities equally benefit from the development subprojects and avoid or mitigate potentially adverse effects on ethnic minorities. Specific actions were incorporated into the project planning, information dissemination, community participation and implementation processes such as documentary films for screening on national television, radio programs, manuals, leaflets etc, in main ethnic minorities languages (Hmong, Thai, Tay, Dao).

Compliance with the Bank's Policy on **Involuntary Resettlement** was satisfactory. A Land Acquisition and Resettlement Policy were prepared for the project. Project affected persons as a result of minor land acquisitions were compensated for the losses at replacement cost and provided with rehabilitation measures. Land acquisition was minimized, public disclosure was carried out and grievance procedure was established. In order to comply with the Bank's policy, the Government granted necessary waivers of legislation and authorized the provinces to provide compensate and resettlement assistance to all affected persons. Compensation was paid before the civil work was commenced.

Compliance with the **Environment Safeguards (OP4.01, BP4.01, and GP4.01)** was satisfactory. The project's physical investments were mostly small-scale in cost and scope, and the negative environmental impacts were insignificant, localized and manageable. The inadequate attention to environmental safeguards noted during the early stages of the project implementation was resolved by the MTR. An Environment Management Plan (EMP) was prepared proposing specific mitigation measures for each type of the sub-projects. Environmental training for district project officers was also conducted as part of the project's capacity building support.

Financial management was generally of good quality<sup>14</sup>. Capacity was built through the development of standardized written procedures and by intensive training. Issues detected by the supervision process was promptly resolved and audit reports were timely and of acceptable quality. In general, the project procurement performance was found to be consistent with the Bank's Procurement Guidelines and the Legal Agreements. The

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<sup>14</sup> Some minor financial management weaknesses were note in particular district in Phu Tho and Bac Giang.

Bank's post reviews have found a number of procedural deviations and non-compliance. However, these issues have been adequately rectified and/or followed up. Among these issues, collusion was the most serious one with tens of cases detected by the Bank or by the Project itself. The Project has investigated these cases and sanctioned more than one hundred bidders. The strict enforcement of the fiduciary guidelines have allowed the project to complete both the procurement and financial management satisfactorily.

## **2.5 Post-completion Operation/Next Phase**

Satisfactory transition arrangements to post-completion operation of investment have been adopted. CPMU had issued guidance to the PPMUs on the project assets handover and overall project liquidation. All activities in 2008 are financed by counterpart funds. An impact evaluation of the project is expected to be finalized by June 2008.

Lessons learnt from NMPRP are likely to support the design and implementation of the Program 135 second phase (P135-2)<sup>15</sup> and scale up institutional innovations at the policy level, in particular in reference to (a) improved poverty targeting of program resource allocation (pro-poor criteria for villages selection, pro-poor orientation of production/livelihood support, resource allocation for operation and maintenance of small-scale infrastructure, etc); (b) deepening and scaling-up of community-driven approaches for planning, managing, operating and maintaining basic rural infrastructure (including informed public participation in program planning, devolution of investment ownership, local institutional capacity building support); (c) enhanced fiduciary transparency and accountability in program implementation through wider use of social audit approaches (including procurement of small-scale infrastructure, improved public financial management and community contribution); and (d) process monitoring and impact evaluation.

At the mid-term Consultative Group meeting 2008, organized in Sa Pa, Lao Cai province, the Minister of Planning and Investment of Vietnam and the Vice President of the World Bank have agreed in principle on the necessity to invest more in the northern mountain provinces. The government has officially requested IDA management on June 13, 2008 to provide additional financing and/or continue the next phase of this project. Discussions have taken place amongst line ministries on necessary procedures to implement this request. Per the successful implementation of this project, World Bank management is considering to provide additional financing.

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<sup>15</sup> The re-designed Program for Socio-Economic Development in Communes Facing Extreme Hardship in Ethnic Minority and Mountainous Areas (2006-2010), known more familiarly in Vietnam as Program 135, Phase 2 (P135-2), one of Vietnam's principal National Target Programs (NTP) for poverty reduction, will be reinforced by a first credit in a programmatic series of three which would support policy and institutional actions. Critical aspects of this reform agenda have already been demonstrated at scale under ongoing IDA- and other ODA-supported initiatives in Vietnam covering at least a half of all the provinces, districts and communes targeted for inclusion in P135.

### 3. Assessment of Outcomes

#### 3.1 Relevance of Objectives, Design and Implementation

The objectives, design and implementation of NMPRP have been highly relevant to both the Government and the Bank's strategies. The development objectives were consistent with the CAS and the Government priorities for poverty reduction and decentralized rural development. In terms of operational modalities of decentralized rural development, the formation and support of CDBs was consistent with Government policies. Besides, the subprojects investments supported by NMPRP were consistent with the priorities identified by beneficiary communes themselves and projects implemented by other government and donor-funded development initiatives.

The NMPRP was designed and implemented to support the Government's efforts to maintain growth with equity, and to help address the widening differences in the rates of economic development between urban and rural areas. It was part of the Government's overall program for poverty reduction in the remote and difficult mountainous areas, which includes the majority of Vietnam's poorest rural communes by enhancing the provision of public infrastructure and basic social services and boosting local incomes. In addition, the NMPRP has introduced a participatory approach that was strongly in line with the steps in the Grassroots Democracy legislation of the Government and which supported the decentralized implementation arrangements of the project.

#### 3.2 Achievement of Project Development Objectives

The project has fully achieved its two development objectives.

*(i) The first objective that **poor villagers in the northern mountains use a variety of improved and sustainable infrastructure and social services** has been fully achieved.*

*The project provided increased access to and use of transport, market and water services. The NMPRP directly improved all year access to 356 communes and around 61,000 households. 80 % of communes benefited from improved irrigation system (18,925 ha of land)<sup>16</sup> and commune health stations were built and provide improved commune health stations for 75,000 households while 47,000 households were benefiting from improved village primary school classrooms. All health and education infrastructures seemed to be properly staffed and likely to be maintained in service<sup>17</sup>. The NMPRP has successfully concentrated investments on the smaller commune-to-village and inter-village roads, thus providing improved access for many remote communities in the project area. This is in addition to the considerable number of village paths and roads and small bridges that*

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<sup>16</sup> MIS data and project Completion reports. This does not include CDBC financed subprojects.

<sup>17</sup> See section 3.1 and 3.4 in Annex 7 for more detailed information

have been upgraded through the CDBC sub-projects. The project has added value to the overall program to improve access to and the quality of education for the beneficiaries by concentrating investments on smaller schools infrastructure, including village primary classrooms, kindergartens and teacher accommodation and thus successfully complemented other projects and programs investing in schools infrastructure in the project area (such as the Concretization of Schools Program and Program 135).

*The changes in service quality as assessed by villagers and user-groups is also significant and the objective fully achieved. According to the beneficiary opinion survey, 100% of beneficiaries were either “very satisfied” or “satisfied” with the quality of school and teaching, and the quality of health stations. It is hard however to attribute these changes to the project alone since in several places visited, other programs (P135, ) and projects (Chia Se- SIDA, PEDC – WB, etc) were doing similar investments or financed infrastructure which had also an impact on the quality of services (schools, electrification, roads, water work...)*

*Improvements in agricultural livelihoods as assessed by villagers are significant. Although it is hard to solely attribute this achievement to the project alone, this objective has been fully achieved. According to the project data, the average income per household in the project area has progressed from VND 4,300,000 in 2001 to VND 10,600,000 in 2007 along with an increase of average food income per person from 272 kg/person in 2001 against 364kg/person in 2006. About 80% of the project participants rated the Agriculture Applied Demonstration satisfactory (3,481 AADs with 54 different types of models, total beneficiaries are about 86,000 households, in which 83% are poor households). Five of six provinces carried out on-site research activities which focused on practical topics such as maize, rice, and chicken variety, etc. Through research, the crops and animal varieties suitable for the local conditions are more widely adopted. It is expected that the follow up of those models will be continued under P135<sup>18</sup>.*

***(ii) The second objective of increasing the institutional capacity of upland communes and districts has been achieved.***

Decentralized, participatory poverty-focused rural development approaches were successfully introduced to enable poor villagers in the northern mountains to use a variety of improved and sustainable infrastructure and social services. 6 cycles of sub-projects under the Community Development Budget were successfully implemented in 356 communes which contributed to build up the institutional capacity of upland communes and districts. MPI (at all levels: central, province and district) gained a strong experience in managing such program for formulating and carrying out participatory local development activities, which were systematically documented and disseminated. 16,980 commune and district cadres were trained and 100% of project communes implemented CDBC (356 communes), and become Investments Owners. 100% Survey at the end of project showed that 46% of communes can implement CDBC as Investment Owners

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<sup>18</sup> See section 3.3 Applied Agricultural demonstration in Annex 7 for more details.

effectively by themselves, 28 % can do that with minimal support, and the rest need higher level of support from district and Community Facilitator.

### 3.3 Efficiency

***Net present value/economic rate of return:*** No economic analysis of the project or any of its components or activities was attempted during appraisal and no economic analysis was done as part of the ICR since there was not an adequate baseline available. An impact assessment study is currently being carried out but final results were not available for the ICR. Based on the preliminary findings of the impact assessment which recognizes the difficulty of evaluating the overall impact of NMPRP due to the fungible nature of the supported investments (how to “extract” NMPRP direct and indirect impacts on the improvements of household living standard and commune development and how to attribute them to NMPRP solely), *“the econometric results from the impact evaluation show that there are clear signals of improvements in livelihood of households in the NMPRP communes after implementation of NMPRP”*.<sup>19</sup>

The scope of investment cover small infrastructure, agriculture related training and health and education. The subprojects chosen by villagers were local infrastructure projects, including rehabilitation of rural roads, foot paths and related infrastructures (bridges, culverts), construction of markets and rehabilitation of irrigation schemes. The principal economic benefits of the projects resulted from: (i) the rehabilitation/construction of rural transportation infrastructure and the subsequent savings in vehicle operating costs, travel time and travel costs, increased access to employment (higher wages and earnings) and business opportunities (higher prices for crops and increased total revenues); (ii) the rehabilitation and construction of communal irrigation schemes that increased yields, irrigated area and cropping intensity; (iii) improvements in the supply of potable waters and sanitation, resulting in time savings from water collection and reduced incidence of water borne illnesses, (iv) training in new models and agriculture technology to provide livelihood support services that are more market oriented, pro-poor and sustainable and (v) higher school enrollment and better basic health care (through information and village health worker) providing better employment opportunities and improving livelihood resilience and diversification. In addition, investments to support local communities other institutional capacity building, as well as to strengthen decentralized and community based decision making should facilitate better implementation of rural development programs ( P135, etc), help foster creation of social capital and strengthen the staff skills of implementing agencies at the local level.

At the time of the ICR and as part of project M&E no economic analysis was done to quantify or value these impacts. However, information on subprojects beneficiaries’ perception of benefits was collected and systematically presented. Subproject beneficiaries recognized these important and visible benefits. Evidence of these good

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<sup>19</sup> From: 1<sup>st</sup> draft of the final impact evaluation for the NMPRP. Central Institute for Economic Management (CIEM) 2008.

ratings of subprojects benefits are found in the subprojects M&E reports, draft impact evaluation and were confirmed to the ICR team in random visits and group discussion..

***Financial rate of return:*** No financial analysis of the projects or any of its components or activities was carried out during appraisal. As the menu of subprojects was large and there was no support under the project given to micro-enterprise or other income generating activities, a financial analysis was deemed not applicable.

***Cost effectiveness:*** Engineering and participation surveys<sup>20</sup> conducted on a sample of completed infrastructure subprojects under NMPRP (with a small number of P135 Phase 1 subprojects for purposes of comparison) found slightly higher cost effectiveness under NMPRP subprojects compared to P135 subproject, primarily owing to higher levels of participation to supervision and more transparent procurement. The same study also assessed “value for money” by comparing construction costs against planned budgets and quantities, as well as comparing NMPRP structures against other projects. The study found that costs are acceptable and in line with other projects although there was a tendency to cap the contract values at amounts below the engineer’s estimates to secure the approval of province and district treasuries because feasibility studies were sometimes interpreted as “cost ceiling”, even if schemes were implemented several years after the feasibility studies and construction costs had risen.<sup>21</sup>

### **3.4 Justification of Overall Outcome Rating**

**Rating: satisfactory.**

The project achieved its primary objectives by enabling poor villagers in the northern mountains to use a variety of improved and sustainable infrastructure and social services, and increasing the institutional capacity of upland communes and districts.

NMPRP has been successful in delivering a large number of small-scale commune and village civil works that contributed substantially and significantly to the overall provision of economic and social infrastructure across the 3,516 villages in the project area. 4,320 civil works on roads and bridges (45%), irrigation (24%), schools (18%), water supply (9%) and commune health stations & markets (4%) were delivered by PPMUs and DPMUs, reinforced by 20,500 sub-projects under the CDBC (80% community infrastructure and the rest consisting mainly of production and house living conditions supports). This was combined with a series of improved social services and training (such as the 3,481 Agriculture Applied Demonstrations benefiting 86,000 households).

The decentralized implementation approach with the preparation of multi-year development plans involved an intensive participatory planning process which has

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<sup>20</sup> From: Lessons learned from infrastructure construction subprojects under NMPRP Study (WSP international, 2005).

<sup>21</sup> In MPI, 2005. Review of CBRIP & NMPRP.

increased local capacity for investment ownership and management by putting resources and decision-making responsibilities into the hands of local government authorities and local communities<sup>22</sup>. The Commune Investment plans have been largely implemented. This participatory approach extended across the full ‘project and investment cycle’ from planning and selection of sub-projects, community supervision of investment activities, community participation in implementing sub-projects, and in management, operations and maintenance.

NMPRP had quality at entry problems (M&E and PDO indicators) and implementation delays during the first 2 years. However, the project was pro-active in managing those issues. Following the MTR in 2004, the M&E was greatly improved and management responsibilities and procurement procedures clarified and streamlined while weak institutional capacity was addressed through an improved capacity building plan and better coordination.

The one areas of shortcoming was still weak current *operations and maintenance* systems of public works. Although subprojects were completed in satisfactory technical standard in most villages and O&M mechanisms were organized in participatory communes and villages before the subproject investments, several subprojects visited by the ICR mission were receiving limited maintenance by communities and only through additional labor contribution. This situation is still wide spread in Vietnam beyond this project mainly due to a shortage of local government finance for the O&M. Lessons from NMPRP in this respect have positively influenced the design of P135-2 support which is addressing this issue at the broader policy level. The Ministry of Finance is expected to increase earmarked budget allocations for O&M to poor communes as a result of the project and P135-2.<sup>23</sup>

### **3.5 Overarching Themes, Other Outcomes and Impacts**

#### **(a) Poverty Impacts, Gender Aspects, and Social Development**

At the beginning of the project the national poverty rate was about 39% and the per capita annual GDP of only US\$ 360. The northern mountains were and remain the poorest section of the country. It was decided that the project would focus on about 400 poorest communes in the 6 provinces. A Social and economic assessment<sup>24</sup> “was prepared to inform the project design and recommended the implementation of specific poverty targeting and resource allocation mechanisms to ensure that remote villages and the poorest groups within them were reached by project investments. Community assessments and development plans were prepared in that respect. All reports show that the targeting was satisfactory. 83.7% of the beneficiaries of Applied Agricultural Demonstrations were below the national poverty line and 98% of villages in the project areas have received sub-projects through the CDBC.

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<sup>22</sup> The average fund allocation per commune was about VND 3.274 billion (US\$ 205,000).

<sup>23</sup> See section 3.1.4 on Operations and maintenance in Annex 7

<sup>24</sup> Jamieson, N. “Poverty Reduction in the Northern Mountain Region” 2000



It is difficult yet to link the achievements to broader sector indicators such as poverty rates reduction for project areas and ethnic groups given the integrated nature of the investments<sup>25</sup>. The PDO had deliberately not included reference to ‘poverty reduction’, since this was considered a higher-order, CAS-level goal.

The 2003-06 CAS completion Report assesses the bank assistance to Vietnam to have achieved solid impact on poverty across the program. It is recognized in the CAS and also through various reports produced by the PPMUs and CPMUs that NMPRP has made an important contribution to poverty reduction in Vietnam northern mountains areas (and wider, owing to the demonstration effect of a number of its innovations)<sup>26</sup>.

Poverty in the North East Region (which includes Lao Cai, Yen Bai, Phu Tho and Bac Giang provinces) has been steadily reducing over the last decade from 86% in 1993 to 25% in 2006. The North West Region (including Son La and Hoa Binh provinces) has seen a slower overall rate of reduction (from 81% in 1993 to 49% in 2006) and this remains the poorest region in the country. Although there significant variations in poverty within these regions and provinces according to both location and ethnic characteristics, evidence of poverty reduction can be found below:

<b>Combined Data for the 6 provinces<sup>27</sup></b>	<b>Unit</b>	<b>Before project (2001)</b>	<b>During project (2006)</b>	<b>Increase/ Decrease</b>
<b>Average poverty rate (old poverty line)</b>	%	34.64	21.09	- 60.8%
<b>Per capita income</b>	VND1000 per person/year	2,099	3,850	+83.42%
<b>Per capita food output</b>	Kg per person per year(paddy equivalent)	272	364	+34%

Distribution of benefits by gender seems satisfactory although limited data was available to disaggregate by gender the beneficiaries of the investments or their participation paid labor opportunities provided to local people by the civil works constructions. Women were the main beneficiaries of the rural health component, which focused on basic health training and lowering maternal mortality rates. Most of the investments benefited equally men and women and that participation to village meetings seemed to be gender balanced (the rate of attendance by women in village meetings was between 45-67%). However, despite those results and several supervision missions’ recommendations, women

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<sup>25</sup> The likely impact of the project on poverty has been made more difficult to assess also because of (a) the change in 2005 of the official Poverty Line used by the Government of Vietnam during the project period to more accurately reflect international standards; and (b) the influence of Vietnam broad based growth from 2001-06 which has largely contributed to Vietnam’s remarkable record in poverty reduction (although these impressive achievements were much slower for ethnic minorities and remote regions).

<sup>26</sup> This was confirmed in the draft impact study done by the Central Institute for Economic Management (CIEM) in May 2008.

<sup>27</sup> Source: MPI Launch meeting between ICR and CPMU on 17 Mar08

remained underrepresented in decision making bodies such as the Commune Development Boards and Commune Supervision Boards.<sup>28</sup>

Finally, the project closely monitored management and implementation capacity to link the experience gained under the project to national policy forums such as the Government/Donor/NGO Poverty Working Group to help improve the Government's ability to measure poverty objectively and consistently.

#### **(b) Institutional Change/Strengthening**

The objective of increasing the institutional capacity at the province, district and commune level has been fully achieved.

*The province, district and commune management capacity was greatly improved* because of project mechanisms (decentralization of management and financing) and capacity building activities. While the decentralized approach has improved the level of ownership and commitment by enhancing the efficiency of the service delivery to communes and communities, substantial progress was made in developing province, district and commune staff's capacity using training curricula which were fully integrated into Province Training Schools curricula. Over a period of 5 years, the project provided training for more than 16,900 commune and village staff, in which 76% were ethnic minority people, 14.5% were women, and on average, about 47 people were trained per commune.

A key factor which contributed to the effectiveness and high level of ownership from beneficiaries of NMPRP has been the creation of well defined guidelines for capacity building at commune level while paying close attention to strengthening district and provincial authorities and provincial training institutions. This helped to develop a mechanism for systematic and comprehensive training at local levels through appropriate communication media and in ethnic minority languages (Hmong, Thai, Tay and Dao).<sup>29</sup>

Overall, NMPRP reinforced *the institutional capacity of the government agencies*. MPI has been a strong partner for the project, committed and well placed to coordinate the various components between the different levels of local governments and agencies. During the preparation period, project management, implementation guidelines and legislative documents were actively prepared to formulate a framework for decentralization.<sup>30</sup>

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<sup>28</sup> There are several reasons for this: firstly, the project decided to reinforce existing institutions and the village leaders and the commune authorities which composed the CDB and CSB were largely male (with only the Women's Union representative and in some cases the commune accountant being women); secondly, given the high number of villages in the communes of the northern mountain area, enforcing gender parity for village representatives in CDB would have created too large and unmanageable decision bodies; and finally language barriers continue to prevent many ethnic minority women in particular from attending and fully benefiting from training courses related to CDBC. However, despite those difficulties, it is notable that the proportion of female trainees has increased in recent courses on the CBDC in 2006 (26.5% women) and on state management in 2007 (24% women).

<sup>29</sup> See section 3.5 on Capacity building and training in Annex 7 for more details.

<sup>30</sup> The circular No. 57/2002/TT-BTC (dated 28 / 06 / 2002) issued by Ministry of Finance providing guidelines on the financial management mechanism for NMPRP; the circular No. 90/2003/TT (dated 24 / 09 / 2003) issued by Ministry of Finance guiding the financial management mechanism for the Commune Development Budget Component (CDBC) of NMPRP while the Province

**(c) Other Unintended Outcomes and Impacts (positive or negative)**

There were no unintended outcomes and impacts.

**3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops**

Although this is a “core” as opposed to an “intensive learning” ICR, significant fieldwork and consultations were conducted for the ICR mission. A summary of the findings is presented in the Annex 5.

**4. Assessment of Risk to Development Outcome**

**Rating: moderate.**

The 3 main identified risks for the development outcomes were: (a) the scope of the operation and maintenance needed for the infrastructure built by the project; (b) the discontinuation of the budgetary support and the articulation with the fiscal decentralization framework; and (c) the level and quality of the knowledge transfer between Government agencies.

*Operations and Maintenance:* The scope of necessary O&M for the investment remains a challenge. NMPRP has integrated O&M procedures in the design of all the investments supported by the project (infrastructure and CDBC) by which villagers and communes are responsible for sections of the investments maintenance. Routine maintenance is being done in places where districts have sufficient funds and local people can afford to contribute, but poorer and more remote districts faces greater challenges. Local communities are expected to contribute considerable labor input to maintain roads but this is rarely sufficient to ensure routine maintenance. This issue is reinforced by the lack of periodic maintenance finance to fund re-gravelling and other extensive repairs that are beyond the capacity of local communities and commune staff. Since most of the communes are located in very remote areas, O&M cost associated to some local investments are often beyond the capacity of local communities and authorities alone. This situation had some regressive consequences when poorer areas and communities have to pay larger amounts given the higher costs of basic infrastructure provision and maintenance in remote mountainous areas. The key constraint to the provision of maintenance funding is the lack of recurrent transport budgets. This is a policy issue shared by different CDD projects in Vietnam and has implications on how the Ministry of Finance (MOF) establishes levels of intergovernmental budgetary transfer.

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People's Committees have also issued decisions and more detailed guidelines as a basis for management decentralization in their locality.

*Discontinuation of budgetary support for communes and decentralization:* The strategy to address those issues are being followed by this project by a policy based (DPL) operation (P135-2 Support Operation, Credit 4274-VN, approved on March 21, 2007) which is more likely to take these agendas in the appropriate broader programmatic context. Some delays are seen between the NMPRP closing and the launch of commune budgetary support through the P 135. It is still challenging for communes to fully utilize their newly acquired skills and replicate the mechanisms and procedures promoted by the NMPRP under P 135, which would lead broader policy decision on decentralization. This is likely to take several years to unfold and therefore it is difficult to assess the full extend of the policy outcome at this stage as the process of the fiscal decentralization (budget transfer to commune and local resource mobilization by commune) is still on-going. To contribute to this policy reforms, the project consciously tested approaches demonstrating the need for such changes through constant institutional dialogue, documentation of lessons learnt and close coordination for the follow-up program. About 98% of the NMPRP communes were included in the first phase of Program 135 (1998 to 2005) while 72% are included in the second phase of this Program 135-2 (from 2006 to 2010). Some of the NMPRP's communes have become investment owner under P135 and more are expected to become in the near future. The Government procurement laws and procedures under P135, benefitted from the lessons from NMPRP such as competitive bidding and community procurement. Since, the current capacity of commune to generate local resources is still low and it is likely that communes will remain dependent on central budgetary transfers in the medium term.

*Institutional knowledge transfer:* The NMPRP has generated many lessons for poverty reduction investments through community empowerment and participation. These lessons, as detailed under Section 6 below, include good practices of capacity building, tailored public information and awareness, transparent community participation procurement methods, limited operations and maintenance mechanism, functioning monitoring and evaluation system, and strong institutional reforms and decentralization. These lessons have strong impacts on the process of re-designing the Program 135-2. This operation now includes an more substantial component on pro-poor production support and rural livelihoods, a nationwide capacity building component for local cadres and people, more competitive and transparent procurement mechanism, better coordinated M&E system. The Policy Reform Framework for P135-2 has factored these concrete contributions from NMRPP and other similar practices in the Program's policy actions. The sustainability aspect of NMPRP's impacts has therefore been firmly set on and mainstreamed into one of the biggest national targeted programs of the Government.

## **5. Assessment of Bank and Borrower Performance**

### **5.1 Bank Performance**

#### **(a) Bank Performance in Ensuring Quality at Entry**

**Rated: Satisfactory**

The project design provided a suitable response to the complexity of development problems to be addressed in the contest of Northern Mountain Areas of rural Vietnam in

the early 2000's. Decentralized participatory planning and implementation process piloted also proved to be effective. However, some design aspects such as technical assistance, decentralized funds flow arrangements and clear procurement procedures should have been in place before the Credit effectiveness. The bank performance for the fiduciary and safeguard aspects as well as the risks assessment were satisfactory.

**(b) Quality of Supervision**

**Rated: Satisfactory**

The Bank team gave adequate support to project implementation. A total of 10 full supervision missions were carried out during the 60 month implementation period, supplemented by other short visits. Supervision included visits to participating provinces to check on field implementation and included supervision of the fiduciary and safeguard aspects. Throughout implementation, the Bank Team, together with partners, helped the implementing agency to overcome the initial delays and other issues and to draw out lessons learned during implementation by providing a strong focus on M&E and measuring results/ outcome. The decisions taken during the MTR in 2004 and implemented in the subsequent supervision mission greatly helped the implementation of the project.

**(c) Justification of Rating for Overall Bank Performance**

**Rated: Satisfactory**

**5.2 Borrower Performance**

**(a) Government Performance**

**Rated: Satisfactory**

The MPI worked closely with the Bank in the project design. The government made available sufficient counterpart funds for the project on time. The MPI has demonstrated a strong ownership and leadership during the entire project cycle. Central and local government made efforts to ensure that CPMU, PPMU and DPMU were financed and fully staffed and were operating effectively throughout the project. They have also played an important role in coordination of critical issues to allow the project successfully implemented.

**(b) Implementing Agency or Agencies Performance**

**Rated: Satisfactory.**

This was the first project in Vietnam with a decentralized project management units in all the project provinces and districts. The project managers and staffs were dedicated and hard working and performed very well in the decentralized institutional arrangement. They showed strong commitment and dedication to poverty alleviation and their initiative, determination and hard work as well as their flexibility and ability to learn from experience were critical for steering the project. The procurement and financial management aspects of the project were very well implemented. The CPMU provided project management reports, audit reports and necessary project information on a timely

basis. MPI has implemented adequate transition arrangement for regular operation of supported activities.

**(c) Justification of Rating for Overall Borrower Performance**

**Rated: Satisfactory**

## **6. Lessons Learned**

NMPRP provides a number of lessons on how to foster informed participation and local development at community level in targeted public investment project:

- **Adequate institutional capacity building and tailored assistance for effective local organizations at commune level are key factors for strong ownership and the quality of the service delivery.** Local institutions such as commune Development Boards and Community Supervision Boards when properly trained and staffed are important catalyst of local intervention. Support capacity from the district level is critical factor in facilitating the effective transfer of investment ownership to communes. NMPRP has reinforced in an integrated manner the capacity of those institutional sublevels (commune, district, and province) at local level which has been critical for delivering pro-poor outcomes from development intervention. Targeted practical and systematic training at commune level (CDB and CSB members) provided a capacity growth path for the local stakeholders. The Commune Facilitator played a key role in reinforcing the institutional linkages and information dissemination between villages, communes and district while providing some technical support to CDB. After few subprojects cycles, reinforced communes and districts seem to be confident of their gained capacity.
- **Tailored public information and awareness rising are essential for community participation, accountability and investments ownership:** NMPRP managed to develop an effective communication strategy up to the commune level. Efforts were made to reach vulnerable groups including non literate people at village's levels but results seemed to vary between communes. Information must be tailored as appropriate to diverse target groups and audiences with different backgrounds in terms of ethnicity, age, gender and social status. A variety of communication media should be employed.
- **Transparent, competitive and decentralized procurement methods are most likely to provide assurance of cost effectiveness and efficiency for small scale infrastructure component at local levels.** This includes social audit function of community level oversight over procurement decisions, etc. For very small, labor intensive works at village level for which locally available materials and skills are required, community participation in procurement helps build local capacity, creates employment and reduces costs.

- **Operation and maintenance financing at local levels could be more challenging than anticipated.** Careful consideration of the required level of central contribution to O&M is essential since the cost of O&M in remote areas can easily be beyond the local capacity of local governments and communities alone. Local contributions can increase the ownership of infrastructure by local people however mobilization of contributions from local communities had a significant negative influence in terms of delaying construction progress. The NMPRP communes were all poor communes, and the requirement for community contributions also placed a heavy burden on these communities. In addition, poor commune authorities and local communities cannot realistically cover all the costs for O&M. Sustainable financing for O&M requires also increased resources from central budget transfers earmarked for this purpose to provinces (who will pass down to districts and communes) for public infrastructure to complement commune resources and local contributions.
- **Financial management mechanisms, M&E and reporting lines and responsibilities should be defined prior to start up of implementation for all local development projects when they involve multi sectors and multi-agencies.** To help reduce the risk of resource leakage, a system of regular reconciliation of project expenditure accounts between spending units and both MOF and state treasury systems are critical is critical for financial management. M&E should be integrated in Government's regular M&E and reporting mechanisms to reinforce the institutional capacity and contribute to policy dialogue.
- **Strong institutional reform and leadership of the coordinating agency is essential to project success and sustainability.** The strong ownership and coordinating leadership of the MPI has enabled a series of institutional and regular reforms (circulars, staff commitment and capacity building) which greatly influenced the project performance. Coordination between institutional actors, information dissemination and program management capacity is a key factor for the success of integrated, sustainable local development programs.

## **7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners**

### **(a) Borrower/implementing agencies**

No issues were raised by the borrower and implementing agencies.

### **(b) Co-financiers**

NMPRP broadly supported DFID's Country Assistant Program (CAP) objectives. According to DFID's own independent assessment, the capacity-building efforts and good coordination at all levels were effective as demonstrated by a high quality of progress reports. Although, good results were noticed on physical implementation and capacity building, the assessment highlighted the issue of insufficient O&M as a broader issue for all infrastructures in Vietnam. Lessons from NMPRP have contributed to DFID's broader sectors work which led to co-financing under the Rural Transport 3 and P135-2 operations. The quality of civil works under CDBC has made positive impacts on

community capacity and work quality. Overall, CDBC proved to be successful pilot in empowering and decentralization of decision making and accountability to communes.

DFID noted that despite the weak inter ministerial coordination and cooperation between the MPI and CEM, the project was able to institutionalize good practices and generate innovations of the project, and donor partners have been very proactive in making this happen both formally and informally. DFID acknowledged that NMPRP directly contributed to the development outcomes of CAP objective 2 “to improve the quality and inclusiveness of services for the poor and vulnerable” by supporting key institutional and policies improvements for better targeting, pro-poor resources allocation, decentralization of investment ownership to communes, livelihoods development, and encouraging competitive community participation in procurement and M&E.

**(c) Other partners and stakeholders**

*(e.g., NGOs/private sector/civil society)*

From 2005 to 2007, M&E support services were provided under a ‘draw-down’ contract basis with a consultant company (Mekong Economics) providing support for the M&E, helping to trouble shoot problems in the MIS such as identifying critical data gaps and reviewing data consistency, piloting and demonstrating new methods for M&E such as participatory assessment methods, data analysis and visualization, undertaking preliminary impact studies in 6 communes etc. One of the most important inputs from Mekong Economics has been assisting the CPMU in preparing guidelines for the Province Progress Reports and the Province Project Completion Reports and facilitating a series of province training workshops was held on M&E methods and province progress report guidelines. No major issues were raised by Mekong Economics which underlined the difficulty in the launch of the initial baseline, the success of the M&E support and the high complexity of the MIS.



## Annex 1. Project Costs and Financing

### (a) Project Cost by Component (in USD Million equivalent)

Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
RURAL ROADS AND MARKETS	34.00	50.29	148
IRRIGATION, WATER SUPPLY, AND AGRICULTURE	36.00	41.85	116
BASIC EDUCATION AND HEALTH	18.00	24.94	139
COMMUNE DEVELOPMENT BUDGETS	17.00	19.74	116
PLANNING AND MANAGEMENT	9.00	10.44	116
DFID COFINANCING	10.50	7.45	71
<b>Total Baseline Cost</b>	<b>124.50</b>	<b>154.58</b>	<b>124</b>
Physical Contingencies	8.00		
Price Contingencies	0.00		
<b>Total Project Costs</b>	<b>132.50</b>	<b>154.58</b>	
Front-end fee PPF	0.00		
Front-end fee IBRD	0.00		
<b>Total Financing Required</b>	<b>132.50</b>	<b>154.58</b>	<b>117</b>

### (b) Financing

Source of Funds	Type of Cofinancing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower		12.00	18.51	154
UK: British Department for International Development (DFID)		10.50	7.45(*)	71
International Development Association (IDA)		110.00	128.75	117

(\*) Note: This is the amount managed by CPMU, not including the amount directly managed by DFID Vietnam Office.

## Annex 2. Outputs by Component

<b>End-of-project targets:</b>					
(A) Project Feasibility Reports (Approved 2001)					
(B) Commune Standard Documents (Compiled 2003)					
(C) Capacity Building Plan – Training (Approved 2003)					
<b>► Component 1: Rural roads and market infrastructure</b>					
Output indicators		End-of-project targets		Actual outputs	% target
<b>1.</b>	<b>ROADS</b>				
1.1	Total number of roads works	1018 works	(A)	773 works	76%
1.2	Total length of roads constructed	3982 km	(A)	2110 km	53%
1.3	Length of district-to-commune roads constructed	681 km	(A)	200 km	29.5%
1.4	% of total roads investment allocated to district-to-commune roads (& number of works)			10% (47 works)	
1.5	Length of commune-to-village roads constructed	1282 km	(A)	930 km	72.5%
1.6	% of total roads investment allocated to commune-to-village roads (& number of works)			48.5% (328 works)	
1.7	Length of inter-village roads constructed	2019 km	(A)	980 km	48.5%
1.8	% of total roads investment allocated to inter-village roads (& number of works)			41.5% (398 works)	
<b>2.</b>	<b>BRIDGES (and road drainage structures)</b>				
2.1	Total number of bridges and roads drainage structure works	217 works	(A)	137 works	63%
2.2	Length of bridges and road drainage structures	11,833 m	(A)	14,552 m	123%
<b>3.</b>	<b>MARKETS</b>				
3.1	Total number of commune markets constructed	119 markets	(A)	95 markets	80%
3.2	Area of commune markets constructed	32,780 m <sup>2</sup>	(A)	43,036 m <sup>2</sup>	131%
3.3	Number of households in commune with new markets		(B)	61,200 households	
<b>► Component 2: Agriculture, irrigation and domestic water supply</b>					
Output indicators		End-of-project targets		Actual outputs	% target
<b>4.</b>	<b>IRRIGATION</b>				
4.1	Total number of irrigation works constructed or upgraded	1146 works	(A)	1064 works	93%
4.2	Irrigated area expanded or with improved efficiency	18,350 ha	(A)	18,925 ha	103%
<b>5.</b>	<b>CLEAN WATER SUPPLY</b>				
5.1	Number of households benefiting from improved domestic water supply	46,268 Hh	(A)	32,197 Hh	70%
		38,000 Hh	(B)	32,197 Hh	85%
5.2	% of total investment in water supply allocated to dug wells (& number of works)			11.7% (4181 wells)	
5.3	% of total investment in water supply allocated to piped / gravity fed systems (& number of works)			88.3% (369 works)	

6.	APPLIED AGRICULTURAL DEMONSTRATIONS				
6.1	Number of Applied Agriculture Demonstrations models in 6 provinces	4,722 models	(A)	3,481 models (1)	74%
6.2	Total number of beneficiary households	72,000 Hh	(A)	86,000 Hh	119%
6.3	% poor households	Unspecified			
6.4	Food crop production models - proportion of total investment in AAD			29% of expenditure	
6.5	Livestock production models – proportion of total investment in AAD			57% (fisheries 11% animal breeds 46%)	
6.6	Perennial crop production models - proportion of investment in AAD			10% of expenditure	
6.7	Processing and other models - proportion of total investment in AAD			4% of expenditure	
(1) A model is defined as a ‘technology demonstrated in a commune’. In each commune, each type of model may be applied in X number of villages and X number of households will be involved. This redefinition of the term model has resulted in a lower number of models reported than in previous progress reports.					
► Component 3: Education and healthcare					
Output indicators		End-of-project targets		Actual outputs	% target
7.	EDUCATION INFRASTRUCTURE				
7.1	Total number of education infrastructure works constructed	2795 works	(A)	1693 works	60%
		1444 works	(B)	1693 works	117%
7.2	Floor area of education infrastructure constructed	164,699 m <sup>2</sup>	(A)	182,511 m <sup>2</sup>	111%
7.3	Commune secondary school classrooms - % of total investment (& number of works)			2.7% (11 works)	
7.4	Commune primary school classrooms - % of total investment (& number of works)			12.2% (77 works)	
7.5	Village primary school classrooms - % of total investment (& number of works)			57% (858 works)	
7.6	Kindergartens - % of total investment (& number of works)			20.4% (428 works)	
7.7	Teacher accommodation - % of total investment (& number of works)			7.7% (319 works)	
7.8	Number households in villages with new village primary classrooms		(B)	~ 47,000 households	
8.	HEALTH INFRASTRUCTURE				
8.1	Number of commune health stations (CHS) constructed or upgraded	155 CHS	(A)	128 CHS	82.5%
8.2	Floor area of constructed or upgraded commune health stations	14,120 m <sup>2</sup>	(A)	19,388 m <sup>2</sup>	137%
8.3	Number households in communes with improved commune health stations		(B)	75,500	
9.	TEACHER TRAINING				
9.1	Total number of teacher training courses given			75 courses	
9.2	Total duration of training			338 months	
9.3	Total number of teachers trained with upgraded skills or qualifications	1460 trainees	(A)	2971 trainees	203%
		1940 trainees	(B)	2971 trainees	153%
9.4	Number of primary teacher training courses			54 courses	

9.5	Total duration of primary teacher training courses			250 months	
9.6	Number of primary school teachers trained			2106 trainees	
9.7	% women primary teachers trained			49.5%	
9.8	% ethnic minority primary teachers trained			63%	
9.9	Number of kindergarten teacher training courses			21 courses	
9.10	Total duration of kindergarten training courses			88 months	
9.12	Number of kindergarten teachers trained			865 trainees	
9.13	% women kindergarten teachers trained			99.5%	
9.14	% ethnic minority kindergarten teachers trained			67.5%	
<b>10.</b>	<b>HEALTH WORKER TRAINING</b>				
10.1	Total number health worker training courses			119 courses	
10.2	Total duration of training			917 months	
10.3	Total number of commune health staff and village health workers trained	2,872 trainees	(A)	4383 trainees	153%
		5,800 trainees	(B)	4383 trainees	76%
10.4	Number of Village Health Worker (VHW) training courses given			88 courses	
10.5	Total duration of VHW training courses			450 months	
10.6	Number of VHWs trained			3184 trainees	
10.7	% women VHWs trained			43%	
10.8	% ethnic minority VHWs trained			83%	
10.9	Number of Commune Health Staff (CHS) training courses given			31 courses	
10.10	Total duration of CHS training courses			468 months	
10.11	Number of CHS trained			1199 trainees	
10.12	% women CHS trained			44%	
10.13	% ethnic minority CHS trained			80%	
<b>► Component 4: Commune Development Budget Component</b>					
<b>Output indicators</b>		<b>End-of-project targets</b>		<b>Actual outputs</b>	<b>% target</b>
11.1	% project communes managing their own development budgets as Investment Owners	356 communes		356 communes	100%
11.2	% project villages receiving CDBC sub-projects	3,500 villages in project area		98% of villages	
11.3	Number of planned sub-projects (Cycle I to V)	<i>Unspecified</i>		20,807 sub-projects	
11.4	Number and % of approved sub-projects			20,547 (99% of planned)	
11.5	Number and % of contracted sub-projects			18,811 (91.5% of approved)	
11.6	Number and % of completed sub-projects			18,479 (98% of contracted)	
11.7	Number and % of liquidated sub-projects			12,582 (68% of completed)	
11.8	% community infrastructure sub-projects	<i>Unspecified</i>		78%	
11.9	% production support sub-projects			9%	
11.10	% natural resources sub-projects			1%	
11.12	% health and education sub-projects			2%	
11.13	% household livelihood support sub-projects			8%	

11.14	Proportion households attending village meetings		(1)	~ 80%	
11.15	Proportion women attending village meetings		(1)	~ 45 to 67%	
(1) Independent Monitoring Study on CDBC (based on a sample of villages in 52 project communes)					
► Component 5: Institutional Capacity Building					
Output indicators		End-of-project targets		Actual outputs	% target
12.	COMMUNE AND VILLAGE CADRE TRAINING				
12.1	Total number of commune training courses given	336 courses	(C)	339 courses	100%
12.2	Total number of commune and village cadres trained	19,740 trainees	(C)	16,980 trainees	86%
12.3	Average number of trainees per project commune	Unspecified		47.7 trainees per commune	
12.4	% of ethnic minority trainees (average per course)	Unspecified		76%	
12.5	% women trainees (average per course)	Unspecified		14.5%	
12.6	Number of commune development budget (CDBC) training courses and trainees	101 courses	(C)	119 courses	118%
		5640 trainees	(C)	6309 trainees	112%
12.7	Number of community supervision of infrastructure training courses and trainees	47 courses	(C)	49 courses	104%
		2820 trainees	(C)	2527 trainees	90%
12.8	Number of infrastructure operations and maintenance training courses and trainees	47 courses	(C)	75 courses	156%
		2820 trainees	(C)	3675 trainees	130%
12.9	Number of community supervision of agriculture demonstrations training courses and trainees	47 courses	(C)	35 courses	74.5%
		2820 trainees	(C)	1671 trainees	59%
12.10	Number of state management training courses and trainees	47 courses	(C)	34 courses	72.5%
		2820 trainees	(C)	1702 trainees	60.5%
12.11	Environmental management planning	Unspecified		11 courses	
				606 trainees	
12.12	Computer training for communes	Unspecified		15 courses	
				475 trainees	
13.	DISTRICT AND PROVINCE TRAINING				
13.1	Total number of events	Unspecified		48 events	
13.2	Total number of participants	Unspecified		4429 participants	
13.3	% of female participants	Unspecified		24%	
13.4	Social and environmental safeguards	240 participants	(C)	368 participants	154%
13.5	Commune development budget component	240 participants	(C)	923 participants	385%
13.6	Financial management and liquidation	240 participants	(C)	537 participants	224%
13.7	Internal audit methods	240 participants	(C)	110 participants	46%
13.8	Procurement and contracting procedures	240 participants	(C)	250 participants	104%
13.9	Province progress report writing skills	240 participants	(C)	348 participants	145%
13.10	Management Information System (MIS)	240 participants	(C)	207 participants	87%
13.11	Review of commune cadre training materials	320 participants	(C)	431 participants	135%

13.12	Community Facilitator training & review	240 participants	(C)	348 participants	145%
13.13	Review of M&E studies			386 participants	
13.14	Quarterly project review workshops			521 participants	

**Annex 3. Economic and Financial Analysis**  
*(including assumptions in the analysis)*

*Not applicable*

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
<b>Lending</b>			
Alan Piazza	Senior Economist	EASRE	Task manager
Quang Ngoc Bui	Operations Officer	EASRE	Co- Task Manager
Hoi Chan Nguyen	Lawyer	LEGES	Lawyer
Behdad Nowroozi	Financial Management Specialist	EAPCO	Financial Management Specialist
Xiaolan Wang	Financial Management Specialist	EASVS	Financial Management Specialist
Mary Judd	Anthropologist	EASSO	Anthropologist
Glenn Morgan	Environmental Specialist	EASRE	Environmental Specialist
Thang Chien Nguyen	Procurement Specialist	EAPCO	Procurement Specialist
Omowunmi Ladipo	Financial Management Specialist	LCSOS	Financial Management Specialist
Minhnguyet Le Khorami	Program Assistant	EASRE	Program Assistant
Brenda Philips	Program Assistant	EASRE	Program Assistant
Wael Zakout	Peer Reviewer	EASRE	Peer Reviewer
<b>Supervision/ICR</b>			
Robin Mearns	Sr. NRM Specialist	EASRE	(TTL 2003-07)
Quang Ngoc Bui	Operations Officer	EASVS	Operations Officer
Vinh Quoc Duong	Consultant (Environment)	EASVS	Environmental Specialist
Hung Viet Le	Financial Management Specialist	EAPCO	Financial Management Specialist
Lan Thi Thu Nguyen	Operations Analyst (Social)	EASVS	Social Development Specialist
Kien Trung Tran	Sr Procurement Spec.	EAPCO	Procurement Specialist
Thong Quang Tran	Financial Management Specialist	EAPCO	Financial Management Specialist
Son Thanh Vo	Operations Officer (RD)/ co-TTL	EASVS	Operation Officer/TTL (2007- 2008)
Nicolas Perrin	Social Development Specialist	SDV	ICR team leader
Dao Thuy Dung	Team Assistant	EASVS	Team Assistant
<a href="#">Edward Daoud</a>	Senior Finance Officer	LOAFC	Finance Officer
<a href="#">Jo Ann Galimpin</a>	Finance Analyst	LOADM	Finance Analyst



Thao Thi Do	Finance Analyst	LOADM	Finance Analyst
Oanh Kieu Pham	E T Temporary	LOADM	Finance Assistant
Lovella F. Tolentino	E T Temporary	LOADM	Finance Assistant
Van Vu Nichols	Portfolio Officer	ACTCF	Loan Accounting Officer

**(b) Staff Time and Cost**

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
<b>Lending</b>		
FY99		88.74
FY00	91	181.66
FY01	83	205.41
FY02	31	54.58
FY03	10	8.32
FY04		0.00
FY05		0.00
FY06		0.00
FY07		0.00
FY08		0.00
<b>Total:</b>	215	538.71
<b>Supervision/ICR</b>		
FY99		0.00
FY00		0.02
FY01		0.00
FY02	10	46.89
FY03	22	45.55
FY04	33	73.45
FY05	31	49.80
FY06	27	43.46
FY07	22	40.44
FY08	11	20.47
<b>Total:</b>	156	320.08

## **Annex 5. Beneficiary Survey Results**

No survey was done in a systematic manner however the ICR mission met with beneficiaries and stakeholders in 12 communes of 6 districts in 3 provinces and conducted a series of interviews and participatory workshops. The findings are summarized in Annex 6.

## **Annex 6. Stakeholder Workshop Report and Results**

The mission spent 10 days in the field, travelled to Lao Cai, Son La and Hoa Binh provinces to visit a sample of 6 districts and 12 communes. Several workshops with PPMUs and DPMUs were conducted to discuss the effectiveness and efficiency of the capacity building, implementation mechanisms, ownership and participation, targeting and benefits, management and sustainability of the project.

Based on those consultations, the project is seen to have many strengths, including: the strong focus on poverty reduction and community participation; the wide geographical coverage and its comprehensive nature (including infrastructure and software components); NMPR provided opportunities for province and district staff to improve their management skills; the transparent procurement and bidding regulations that contributed to higher quality civil works; the decentralized management system was highly appreciated; and the funds to finance the activities were available timely.

Set against this, however, some critical perceived weaknesses of the project and difficulties encountered by local management staff in implementing activities were identified especially at project's start such as: the complicated and administratively time-consuming project procedures especially for procurement and disbursement; the slow implementation of the Capacity Building Plan and a lack of training in some critical topics at project start; a lack of clear guidelines and slow introduction of some components; staffing constraints including limited incentives for either government or contract staff to work on the project; delayed procurement of vehicles; slow screening and approval of plans by higher authorities; and issues related to counterpart fund allocations. Several interviewees regretted the interruption of the project now their capacity is built to deliver services through the mechanisms designed by the project and are looking forward for the continuation of their newly acquired skills under P135.2.

## Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR



### **Socialist Republic of Vietnam Ministry of Planning and Investment**

#### **PROJECT COMPLETION AND RESULTS REPORT ( IDA-35720 DFID TF-50050) ON A CREDIT IN THE AMOUNT OF SDR 87.9 MILLION (US\$110 MILLION EQUIVALENT) TO THE SOCIALIST REPUBLIC OF VIETNAM FOR THE NORTHERN MOUNTAINS POVERTY REDUCTION PROJECT**

#### **NMPRP Central Project Management Unit December 27<sup>TH</sup> 2007**

##### **1. Project Context, Development Objective and Design**

The Northern Mountains Poverty Reduction Project (2002 to 2007) is one of two World Bank financed projects in Vietnam that adopt a Community Driven Development (CDD) approach and which aim to achieve accelerated rural development and targeted poverty reduction in some of the poorest rural areas of the country<sup>31</sup>. These projects were designed and introduced to support the Government's overall program for poverty reduction in the remote and difficult mountainous areas, which include the majority of Vietnam's poorest rural communes. This is in order to enhance the provision of public infrastructure and basic social services and to boost local incomes. The decentralized implementation approach of the project aims to increase local capacity for investment ownership and management by putting resources and decision-making responsibilities into the hands of local government authorities and local communities.

##### ***Project area and main beneficiaries***

The main beneficiaries include poor ethnic minority communities as well as local government authorities that have received capacity building support. The project area includes 356 rural communes (about 3,500 villages) in 44 districts in 6 provinces – Lao Cai, Son La, Yen Bai, Hoa Binh, Phu Tho and Bac Giang provinces, with a population of just over one million, including approximately 980,000 ethnic minority people (86% of the project beneficiaries). The project area is characterized by a high degree of ethnic diversity. A majority of communes included in the NMPRP were classified as communes facing special difficulties in mountainous and ethnic minority areas<sup>32</sup>. Of the 356 communes in the NMPRP, 98% were also included in Phase One of Program 135 (1998 to 2005) while 72% are included in the second phase of this program (from

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<sup>31</sup> The other project being the Community Based Rural Infrastructure Project (CBRIP) that works in 13 provinces of the central regions of the country.

<sup>32</sup> Decision No.42/UB-QD (dated 23 / 05 / 1997) of the Committee for Ethnic Minorities and Mountainous Areas on the Identification of Three Zones in Upland and Mountain Areas.

2006 to 2010). It is intended that lessons and experience from NMPRP should be of particular relevance to on-going implementation of the Government poverty reduction programs in these mountainous and ethnic minority areas.

### ***Project Development Objective and key performance indicators***

The Development Objective of NMPRP is that poor villagers in the northern mountains use a variety of improved and sustainable infrastructure and social services and the institutional capacity of upland communes and districts is increased. Key Outcome and Performance Indicators related to the development objective are:

1. Access to and use of transport, market, water, health & education infrastructure and services;
2. Changes in service quality as assessed by villagers and user-groups;
3. Sustainability of operations and maintenance systems;
4. Improvements in district and commune management capacity;
5. Improvements in agricultural livelihoods as assessed by villagers;
6. Selected indicators of agricultural production and health and education attainment.

### ***Project Components***

The project includes six Components, as follows:

**Component 1: Rural Roads and Markets.**

**Component 2: Agriculture, Irrigation and Domestic Water Supply.**

**Component 3: Health and Education.**

**Component 4: Commune Development Budget Component (CDBC).**

**Component 5: Institutional Capacity Building.**

**Component 6: Project Management.**

The structure of the project components was not revised during implementation. The overall fund allocation to each commune was based on community assessment and sub-project identification exercises carried out in all project communes during project preparation (Commune Standard Documents). This included preparation of multi-year development plans with indicative investment activities and amounts for the Main Project Components. The actual commune investment was from VND 652 million (US\$ 40,750) to VND 13.277 billion (US\$ 829,813) with an average of VND 5.559 billion (US\$ 347,348).

### ***Significant changes during implementation***

Two amendments to the Development Credit Agreement were approved in December 2004 and April 2007 to allow for an adjustment in fund allocation between expenditure categories. These amendments did not alter the overall allocation of resources to the different project components. For a majority of major civil works, the cost estimates made during project preparation had to be revised mainly because of the inflation in construction costs between the time cost-estimates were made (project preparation) and their implementation several years later. The difference was largely covered by the increased IDA loan availability (resulting from changes in the SDR / US\$ exchange rate) and in some categories by reducing the number of implemented works. The project originally covered 368 communes<sup>33</sup>.

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<sup>33</sup> Project activities were discontinued(although a number of civil works had been implemented) in 12 communes in Than Uyen District of Lao Cai when this district joined Lai Chau Province,

## **2. Key Factors Affecting Implementation and Outcomes**

### ***2.1 Project preparation and design***

Due to the comparatively small size and large number of sub-projects under NMPRP, it was decided that approval would be given to the overall Province Feasibility Reports. Separate Investment Reports were not be required for subsequent approval of each sub-project. As project start-up was expected to be slow, a Pilot Commune Program<sup>34</sup> was designed to accelerate and gain implementation experience.

A fundamental principle of the project design was to decentralize the responsibilities for decision-making, project planning and implementation through the province to district and commune levels. The NMPRP is one of two projects in the rural development portfolio of the World Bank in Vietnam adopting a ‘decentralized’ model of direct disbursement to province level. The IDA funds are disbursed to seven Special Accounts (SA): one under the CPMU and six Province Special Accounts managed by the PPMUs (with an additional SA under CPMU for the DFID Grant). Fund flow from the Province SA is made to District ‘Second-generation’ Project Accounts and through these to separate Commune sub-accounts for the Commune Development Budget Component (CDBC), held in the district branch of Bank for Agriculture and Rural Development. The districts were the investment owners of the majority of small-scale infrastructure works, the communes for the CDBC, and the PPMUs for a limited number of larger works and service contracts.

In the preparation and start-up period of NMPRP, project management and implementation guidelines and legislative documents were actively prepared to formulate a framework for decentralization. This was successfully realized in the promulgation of Circulars guiding project financial management for NMPRP and for the CDBC by the Ministry of Finance (Circular No. 52/2002/TT-TTC-28/06/2002- and Circular No. 90/2003/TT-24/09/2003)..

### ***Project implementation***

Overall progress in terms of financial disbursement and the implementation of investment activities on the ground has been satisfactory. Disbursement from IDA to 30/11/2007 has reached US\$ 122.788 million, representing 112% of the original project costs of US\$ 110 million. The disbursement in SDR has reached SDR 83.012 million by 30/11/2007, representing 94.4% of the original loan amount (SDR 87.9 million). Disbursement under the DFID Grant has reached US\$ 7.251 million, representing 85.3% of the original grant amount of US\$ 8.5 million. The total disbursement including the IDA credit and DFID Grant is US\$ 130.039 million.

The progress was slow at the beginning and met with some difficulties in Project Year 1 and 2 (2002 to 2003). By the 4<sup>th</sup> World Bank’s Supervision Mission in November 2003, disbursement from IDA had only reached 7.45% (US\$ 8.2 million). The slow initial disbursement was primarily due to the learning curve difficulty met by all PMUs regarding the procedures for the preparation of procurement plans and regulations, prior review and reporting requirements etc.

In response, actions were taken by the National Project Steering Committee to clarify management responsibilities and to streamline the implementation procedures. It included:

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<sup>34</sup> There were 10 pilot communes in 5 provinces, 2 funded by DANIDA in Son La (TF-21338); 6 by Japan in Bac Giang, Phu Tho and Hoa Binh (TF-26559) and 2 by DFID in Lao Cai (TF-50001).

- Clarifying the respective responsibilities of the CPMU, the PPMUs and the World Bank in processing Procurement Plans under the Province Special Accounts..
- Resolving bottlenecks in the procurement process for design and construction contracts for civil works. The delays in the civil works procurement process were due to: (i) the large number of planned civil works, limitations on PMU staff time and a lack of experience in the procurement procedures; (ii) difficulties in the coordination and synchronization between government procedures and project procedures; (iii) insufficient allocation or delays in counterpart funds in some provinces (Son La and Phu Tho). Quicker delegation of responsibilities for managing civil works procurement to the DPMUs; provision of more intensive training for PPMU & DPMU staff in procurement procedures and sufficient and timely allocation of counterpart funds helped to resolve this situation.
- Improving the effectiveness and speeding-up implementation of the Institutional Capacity Building Plan (with DFID co-financing). A detailed Training Plan was prepared by the CPMU and this was approved by the World Bank and DFID in October 2003..
- Bringing forward the Mid-Term Review from the planned date (October 2005) to April 2004.

From 2004 onwards progress improved considerably and the annual disbursement from IDA has matched or exceeded the expected annual amount. The completion of the project according to the scheduled Closing Date of 31 December 2007 is a significant achievement – especially given the strongly decentralized management and implementation arrangements. The NMPRP has 407 active management and disbursement units (the CPMU, 6 PPMUs, 44 DPMUs and 356 communes for the CDBC).

#### ***Key lessons learnt from NMPRP implementation***

***Decentralization:*** Strongly decentralized management responsibilities and powers to province, district and commune levels has increased their accountability, ownership and creativity. Commune level investment ownership based on rational assessments of local capacity building needs and proper mentoring (facilitation staff for “weaker” communes) was the right step towards the decentralization goal. The ‘decentralised’ Special Account system down to district level had a positive impact on the disbursement process. The appropriate levels at which different types of procurement should be best managed according to the scale of investment activity had to be clearly defined. Competitive procurement procedures applied to all investment activities including civil works, goods, consultancies, training, CDBC (no appointed bidding), have assured the quality of construction schemes and provided some investments’ savings ( 7.3% savings rate - 126 billion VND- from 2400 bidding packages) .

***Participation:*** Effective awareness raising and public information and dissemination through different communication channels given to relevant agencies and local people, especially ethnic minorities have reinforced the democratic planning processes carried out from village level and have encouraged participation. Community supervision of construction and O&M of infrastructure works have been carried out for all individual village schemes to ensure their sustained quality and increase local awareness of their ownership rights over the investments.

***Strong coordination and commitment:*** Good directions and coordination between authorities and agencies at all levels and the availability of adequate and committed staff (full time and capable cadres) have been essential to the project’s success. Institutionalized guidelines and regulations on financial management and procurement were successfully harmonized between Government and World Bank procedures and bi-annual joint supervision missions for NMPRP were organised by World Bank and DFID to give opportunities for discussion between donors and PMUs at all levels which facilitated prompt improvements in the project implementation.

**Capacity building:** The provision of one-step-in-advance training for different levels (PMUs and CDB) in procurement, financial management and liquidation procedures, was followed by refresher training and review workshops involving other agencies playing a critical role in approval procedures and financial management (province & district state treasury, financial and technical departments) greatly helped the project implementation. Sufficient time and funds must also be given at the end of the project for lesson learning, documentation and dissemination.

### **Procurement**

The NMPRP has included a large number of procurement contracts for civil works, consultant services, training and goods under the main project components (in addition to thousands of sub-projects under the CDBC). Under the main project components, of the total of 2,878 planned contracts between 2002 and 31/10/2007, 91.7% were completed, 6.3% were signed and 2% have been rejected. By the project closure date, a majority of outstanding contracts will be completed. The DPMUs were responsible for the majority of the major civil works procurement, utilizing both Small Works (SW) and National Competitive Bidding (NCB) procurement methods. The DPMUs have been responsible for around 85.5% of the civil works contracts, while some of the larger contracts have been managed by the PPMUs (particularly NCB packages for roads). The relatively small contract values were appropriate for the capacity of the provinces and private sector contractors bidding for work. The implementation progress for the civil works was consistently better than other World Bank projects in Vietnam. The experience from NMPRP supported the wider introduction of more competitive procurement methods and confirmed that there are a sufficient number of qualified design and construction companies now operating in these areas. Provided that adequate training was given in the full range of necessary management tasks, the districts were fully capable of handling a large and diverse investment portfolio.

### ***Monitoring and evaluation***

The project has given considerable attention to introducing the M&E system and this has been one of the successful aspects of the project. The main lessons and experience from the M&E system are summarized as follows:

**Management Information System (MIS).** The computerized MIS was introduced at an early stage of the project which was a distinct advantage. Work on designing the system began in 2002 and the system was introduced in 2003 and updated in 2004. The computerized MIS linked the CPMU with the 6 PPMUs and 44 DPMUs. Repeated training for MIS officers was conducted. In general, the MIS has worked effectively although there have been some difficulties in maintaining the system and utilizing the data. The MIS was perhaps too ambitious at the outset, given the DPMU capacity to maintain and use the system and the large range and volume of data required. Insufficient attention was given at the design stage to what types of data were required for regular Government reporting purposes and how the MIS could be integrated with the existing systems. Finally getting the computerized MIS fully operational and functional was very costly.

**Independent Monitoring Studies.** Those studies were procured from independent consulting agencies and were designed to assist the project in implementation of different project components and safeguards policies. The studies focused on tracking 'process' and 'progress' monitoring indicators, lesson-learning from the field, identifying constraints and weaknesses and solutions in the implementation of activities. These repeated studies have proved to be one of the most useful monitoring instruments in the overall M&E system. A regular system of review workshops helped to ensure the M&E results and recommendations were fully validated & accepted and promoted horizontal learning.



**M&E support services.** During 2006 to 2007, close cooperation has been maintained between the CPMU and a consultant company (Mekong Economics) for the provision of M&E support services on a flexible draw-down contract basis. These inputs have been focused on strengthening capacity for M&E particularly at province level. Procuring M&E support services on a flexible draw-down contract basis provides more consistent/regular TA over the life of a project.

**Impact Evaluation.** The base-line survey for the NMPRP Impact Evaluation was conducted in 2004. The project intended to carry-out the Final Impact Evaluation in 2007 to 2008. However, due to the non availability of project funding after 31/12/2007, the CPMU sent a letter requesting the World Bank and DFID for an extension to the DFID Grant co-financing to complete this study but this request was not accepted. The CPMU strongly recommended that an Impact Evaluation should be conducted to assess the impacts of the capacity building

**Community supervision.** According to Grassroots Democracy legislation, community supervision of investment activities is an important element of people's participation to help ensure transparency and accountability at the local level. Early experience showed that often these CSB existed on paper but were limited in practice. NMPRP addressed this situation by providing more intensive training for the Supervision Boards. The training included organizational aspects, roles and responsibilities, and simple technical skills required to monitor investments. The CSB members were not only responsible for NMPRP and their training also benefited other programs investments. Developing and introducing practical participatory approaches has contributed to new guidelines on community investment supervision<sup>35</sup>.

### **3 Assessment of Outcomes**

#### ***3.1 Social and economic infrastructure***

The project has been successful in delivering a large number of small-scale commune and village civil works that have contributed substantially to the provision of economic and social infrastructure. As of 31/10/07, a total of 4,272 civil works have been contracted, representing an investment of around US\$ 96.77 million (VND 1,584 billion). The overall proportion of this investment in the works categories is the following: roads and bridges (45%), markets (2%), irrigation (24%), water supply (9%), schools (18%), and commune health stations (2%).

##### **3.1.1 Rural roads, bridges and markets**

For roads, the NMPRP has successfully concentrated investments on the smaller commune-to-village roads (48.5% of the investment / 328 works), inter-village roads (41.5% of investment/ 398 works) and district-to-commune road sections (10% of investment/47 works) thus improving access for many remote communities. 88% of project communes have received investment in improved rural roads. The project has constructed 95 commune markets, benefiting a population of 61,000 households. The combined investment in roads, bridges and markets (US\$ 44.97 million) represented 132% of the original costs (US\$ 34 million including the IDA loan and GOVERNMENT counterpart funds) and 34.6% of the adjusted IDA loan amount (US\$ 130 million).

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<sup>35</sup> Decision No.80/2005/QĐ-TTg-18 April 2005- by the Prime Minister

### **3.1.2 Irrigation and domestic clean water supply**

For irrigation, the project has largely achieved the planned number of works (93% / 1064 works) and the target for the irrigated area expanded or with improved efficiency (103% / 18,925 ha). 80% of project communes have benefited from improved irrigation under this component (not including CDBC sub-projects). For water supply, the project has reached around 70% of the expected target of beneficiary households (32,200 households) including 4,181 wells and 369 piped/gravity fed systems. 61% of project communes have benefited from improved water supply under this component (not including CDBC sub-projects). The combined investment in irrigation and water supply (US\$ 32.35 million) represented 89.8% of the original indicative costs of the Agriculture Component (US\$ 36 million) and 24.9% of the adjusted loan amount.

### **3.1.3 Health and education infrastructure**

For education, the project has concentrated investments on smaller schools infrastructure, including village primary classrooms (57% of the investment / 858 works), kindergartens (20.4% of investment / 428 works), and teacher's accommodation (7.7% of investment / 319 works) with the remaining 14.9% of investment in commune primary and secondary school classrooms. 95% of project communes have received investment in schools under this component. Around 47,000 households benefited from improved village primary classrooms. The NMPRP has also added value to the overall program by successfully complementing other projects and programs investing in larger commune primary and secondary schools infrastructure. The project has upgraded 128 Commune Health Stations in 36% of project communes, benefiting a population of around 75,000 households. The combined investment in schools and health infrastructure (US\$ 19.45 million) represented 108% of the original indicative costs for the Education and Health Component (US\$ 18 million) and 15% of the of the adjusted IDA loan amount.

### **3.1.4 Operations and maintenance**

The project has given particular attention to Operations and Maintenance (O&M) of the civil works. Two rounds of O&M training courses have been provided for commune and village representatives (in 2004 and 2007) including 76 courses and 3,675 trainees. An O&M Training Manual for communes has been published, together with oral translations into 4 ethnic minority languages and a construction management training film. Despite those successes, there are shortfalls in O&M financing for all infrastructure categories. Funding gaps were most pronounced for roads and education. The poor commune authorities and local communities could not realistically cover all the costs for O&M (particularly for schools infrastructure). Sustainable financing for O&M will require increased resources from the province and district budgets for public infrastructure to complement commune resources and local contributions. The project has done much to ensure that appropriate institutional arrangements for O&M are established and functioning but this is a broader and longer-term issue that the NMPRP cannot solve alone.

## **3.2 Commune development budget component**

The objectives of the Commune Development Budget Component (CDBC) were (i) To support the Government's efforts to promote decentralized management by building the capacity of the poor communes to work as Investment Owners and to manage their own development budgets;(ii) To enable local communities to identify and implement a range of small-scale sub-projects that provide material, social and economic benefits to the local communities; (iii) To target the particular needs of the most remote village and vulnerable groups including ethnic minorities, poor households and women.

The CBDC was an innovative component of the project. For the first time, at a large scale, poor communes worked as investment owners and managers using state budget resources. This component integrated the principles of Grassroots Democracy All the project communes were

involved in the CDBC, with a commune budget allocation made of 15% of the total IDA loan fund invested per commune. The commune allocation was from VND 65 million (USD 4,063) up to VND 1,919 million (USD 119,000) with an average of VND 827 million (USD 51,700).

### **3.2.1 Overall progress**

The CDBC has been implemented for 3 years (6 cycles). Physical progress on contracting and implementing sub-projects was generally satisfactory. Of the total 20,807 planned sub-projects, about 20,547 sub-projects were approved (98.75%) and 90% completed. The total approved amount of IDA investment was of US\$ 19.71 million (VND 315 billion), 123% of the original estimated cost for this component (US\$ 16 million)-. Community contributions constituted around 4.65% of the approved investment and the IDA loan amounts about 95.36%. It is expected that by the end of the project a majority of the outstanding sub-projects will be completed. Overall progress has been good and the completion of CDBC has been a significant achievement.

### **3.2.2 Diversity of sub-projects**

Regarding the different types of CDBC sub-projects, community infrastructure were the majority of sub-projects (79%), with the remaining 21% consisting mainly of sub-projects in production support (9%) and support for household living conditions (8%). There was considerable diversity in the different types of sub-projects selected by villages. This diversity of sub-project suggested a strong local participation during the selection. In some communes and districts, however, there was a narrower range of sub-projects (such as village loudspeakers systems or similar construction projects) which could be interpreted as a sign of a less active participation.

### **3.2.3 Community participation procurement method**

The CDBC guidelines allow for a range of procurement methods according to the type of sub-project. Community Participation (CP) procurement accounts for 75% (primarily for community infrastructure sub-projects), with a lesser proportion through local shopping (11%) and direct contracting (12%) for goods, equipment and services. The development of the Community Participation procurement methods has been one of the unique features and most innovative aspects of the NMPPR. Those lessons were directly applicable for P135.

### **3.2.4 Targeting**

The targeting and geographical distribution of sub-projects to villages was a positive outcome of the project. 98% of villages in the project area have received sub-projects (3,463 villages out of a total of 3,516 villages). The CDB has made a strong effort to ensure that a majority of villages were involved in the CDBC, including those in more remote locations. . Previous reports from the CPMU suggested that in the early CDBC Cycles there was a bias towards the more accessible villages in the distribution of CDBC resources in many communes. This trend was corrected in the later CDBC Cycles which focused more resources on the most remote villages. .

### **3.2.5 Benefits from CDBC**

The CDBC resulted in different types of benefits for the local communities: (i) physical benefits from improvements in small-scale village infrastructure and facilities, which may have secondary social and/or economic benefits for households; (ii) direct economic benefits in the form of labour payments to the artisans and production groups implementing sub-projects; (iii) primary and secondary benefits to the local economy through the purchase of material supplies and goods from local retailers; (v) social benefits through the promotion of local democracy, community cohesion through local people working together on sub-projects, increased technical knowledge and skills, and increased management capacity of commune and village cadres; and (vi) environmental Benefits through the improvement of the village environment.

### **3.2.6 Commune capacity**

Intensive training for the commune and village cadres and regular review workshops have been essential to the implementation progress and success of the CDBC. Through training and ‘learning-by-doing’ the capacity, skills and confidence of the staff of the Commune Development Boards have been considerably strengthened, in (i) working as the Investment Owner of sub-projects, mobilizing local participation; (ii) making design and cost estimates for sub-projects approved by communes; (iii) carrying out procurement of sub-projects; (iv) supervision of works; (v) organizing O&M of civil works in the locality; (vi) financial management and accounting for commune investments and (vii) interacting with district sections and with the banking system

### **3.3 Applied agricultural demonstrations**

The aim of the Applied Agricultural Demonstrations (AAD) sub-component was to support income growth and provide food security for poor households through the demonstration of appropriate and improved technologies: (i) annual crops (food crops and some cash crops, including both irrigated and rain-fed systems); (ii) perennial crops (such as fruit tree production, forestry, agro forestry and home garden systems); (iii) livestock production (including both large and small ruminants, poultry and aquaculture); and (iv) small-scale processing techniques (for crop storage and preservation etc.). The approach combined ‘hands on training’ with the demonstration of improved technologies for groups of participating farmers in each locality. The selection of the demonstration models was made through a participatory planning process with a scale of demonstrations applicable and sustainable for poor households.

#### **3.3.1 Number of models and beneficiaries**

The overall expenditure (including demonstrations models, on-site research and training) was around US\$ 7.76 million, representing 21.4% of the original indicative costs for the Agriculture Component (US\$ 36 million). The IDA loan amount was US\$ 6.03 million, representing 7% of the original loan (US\$ 110 million). To date a total of 3,481 models was established, with a total investment of US\$ 7.71 million (including the IDA loan and local contributions).

According to the Province Project Completion Reports, there have been around 86,000 beneficiary households. This represents around 40% of all households in the project area (although some households are involved in more than one demonstration) and 148% of the end-of-project target (58,000 households). Based on data provided in the Province Progress Reports, around 84% of these were poor households.

#### **3.2.2 Range of technologies**

Livestock is the highest investment category (46%) followed by short rotation food and vegetable crops (29%), fisheries (11%), perennial crop including forestry, fruit trees and other commercial crops (10%) and processing technology (4%). In total, 50 different types of demonstration model are listed in the province reports. In all provinces, the highest expenditure has been in livestock production and short-rotation food crops. The provincial data indicate, however, that the average investment per model and per household varied quite considerably.

#### **3.2.3 Assessment by the beneficiaries**

According to a detailed technical analysis of the diversity of factors influencing the adoption and replication of the demonstration models, the short-rotation food crops models (e.g. improved rice, maize and soybean varieties) and associated cultivation techniques were perceived as effective for providing short-term benefits satisfying the demands for food and cash income of participating households. The livestock breeding and production models were highly appreciated because of

their potential economic returns (especially the models on breeding cows, calf or sow raising, piglet production, and intensive pork production<sup>36</sup>). The fruit tree production and home garden improvement models were less appreciated due to the long-rotation, the lack of market demand for new fruits; and the climatic factors that affected newly planted fruit trees in some places. The vegetable production models were limited but successful and contributed to household nutrition.

### **3.2.4 Replication rates**

A study made in 6 communes suggested that replication rates vary considerably. The most successful were the goat model (750% replication rate) and the Cow model (605% replication rate). The AAD models which have the lowest per household expenditure and require the least expenditure to implement are the ones to be more likely copied.

## **3.4 Teacher and health worker training**

### **3.4.1 Teacher training**

The teacher training and upgrading courses have been carried out in 4 of the 6 provinces (Bac Giang, Hoa Binh, Phu Tho and Yen Bai) with 75 courses with a combined duration of 338 months. There have been 2971 trainees including 2106 primary school teachers and 865 kindergarten teachers. The total expenditure has been around US\$ 592,000 (VND 9.468 billion) or 3.28% of the indicative costs for the Education and Health Component (US\$ 18 million).

Primary teacher training was covered through 54 courses (in 4 provinces), including 2106 primary teachers, 49.5% being women and 63% ethnic minority over a combined period of 250 months. 21 courses were prepared for kindergarten teacher training (combined duration of 88 months) in 3 provinces for 865 kindergarten teachers, 99.5% being women and 67.5% ethnic minority. Those training were well integrated with the overall teacher training plans of the provinces and localities. The trainee selection procedure was coordinated between the PMUs, the provincial Department of Education and Training, the District Education Section and the commune schools.

The benefits of the education component as a whole (including infrastructure and teacher training) are (i) reduce the number of temporary and triple-shift classrooms, (ii) improved the qualifications of kindergarten and primary teaching staff, (iii) provided opportunities for village level teachers in the remote and poor commune to attend training and upgrading courses.

### **3.4.2 Health worker training**

A considerable amount of commune and village health worker training has been provided by the project and has contributed substantially and significantly to overall capacity building of the healthcare network in the poor communes and villages. In total there have been 119 courses with a combined duration of 917 months in the 6 provinces. There have been 4,383 trainees (43% are women and 83% ethnic minorities). The total expenditure on health worker training amounts to US\$ 1.16 million (VND 18.718 billion), which represented 6.5% of costs of the Education and Health Component as a whole (US\$ 18 million). The investment ranges from around US\$ 49,450 (VND 791 million) in Bac Giang up to US\$ 289,000 (VND 4,620 million) in Lao Cai.

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<sup>36</sup> However introducing more intensive pig production can pose risks for poor households because of frequent disease incidence, needs of skills and a higher level of inputs for food and housing to be economically successful.

88 courses (450 months) for 3,184 trainees (43% are women and 83% ethnic minorities) were done for Village Health Worker on community health awareness and mid-wife training. In general, community health awareness training has been linked to the VHW training in several provinces. The community health awareness activities was not fully implemented as planned by the project because such campaigns were already carried out quite extensively by other organizations such as the provincial Centre for Health Education, the Provincial Family Planning Committee, and the Women's Union etc (in Son La, Hoa Binh and Phu To particularly).

### ***3.5 Capacity building and training***

#### **3.5.1 Commune and village cadre training**

The project has introduced a program of practically-oriented training courses for the elected commune officials, appointed commune technical cadres, mass association representatives, and the village leaders (including CDBs and CSBs members). These training concentrated on 'core skills' and practical topics necessary for project implementation but also relevant and applicable for all types of decentralized management programs: Community supervision of infrastructure works & applied agricultural demonstrations, operations and maintenance of commune and village infrastructure, CDBC – planning and community participation procurement methods & financial management and liquidation procedures; state management for commune cadres; Environmental management planning; Computer skills training for commune cadres.

A challenge faced by the project has been to ensure both a large scale coverage (356 communes and 3,500 villages) and the effectiveness of the training. NMPRP's approach was different from many other projects in Vietnam by integrating project training activities into the province training systems, by collaborating with the Province Training Schools mandated to and experienced in providing training to commune and village cadres. In total, 339 courses (each lasting 3 to 5 days) for 16,980 trainees were conducted representing over US\$ 1.2 million (co-financed by DFID). 47.7 persons have been trained per commune, with an average cost of US\$ 70 per trainee.

NMPRP implemented repeated short training (3-5 days sessions) combined with review workshops to share experience and effective follow-up from district staff. Although, a large number of commune cadres have been trained, the project has been less successful in reaching women (mainly because the village leaders and staff of the commune authorities, the primary training targets were largely male and because of language barriers). However, the proportion of female trainees has increased over time: 26.5% women in CDBC courses in 2006 and 24% on state management in 2007.

Finally, the additional support through the deployment of the Community Facilitators (CFs) has been important for the Capacity building of the communes, particularly in helping the CDB in the implementation of the CDBC. A total of 165 CFs (22% women and 28.5% ethnic minorities) have worked in the communes for 30 months from 2005 to 2007.

#### **3.5.2 District and province training**

The second major element of the Capacity Building Plan has been the provision of training for province and district staff, including staff of the PPMUs, DPMUs, and staff from other concerned province and districts departments. A series of Training Workshops, Review Workshops and Short Training Courses were conducted and contributed to create a forum for central, province and district staff to meet on a regular basis and to share their project implementation results and experiences. Between 2003 and 12/2007 a total of 48 events (122 days) including 4,429 participants (24% women) for a total expenditure of US\$ 333,851 were organized by the CPMU (1/3 of the events were held in the provinces).

## **Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders**

DFID Viet Nam did not provide a separate comment on this ICR. They have completed their independent assessment of the project in their Project Completion Report (PCR) dated November 2007 (DFID system required a PCR before the project closed), which rated NMPRP as largely achieved the project objectives, and they were satisfied with the project performance and results. Section 7.b. presents overall DFID's view on the NMPRP.

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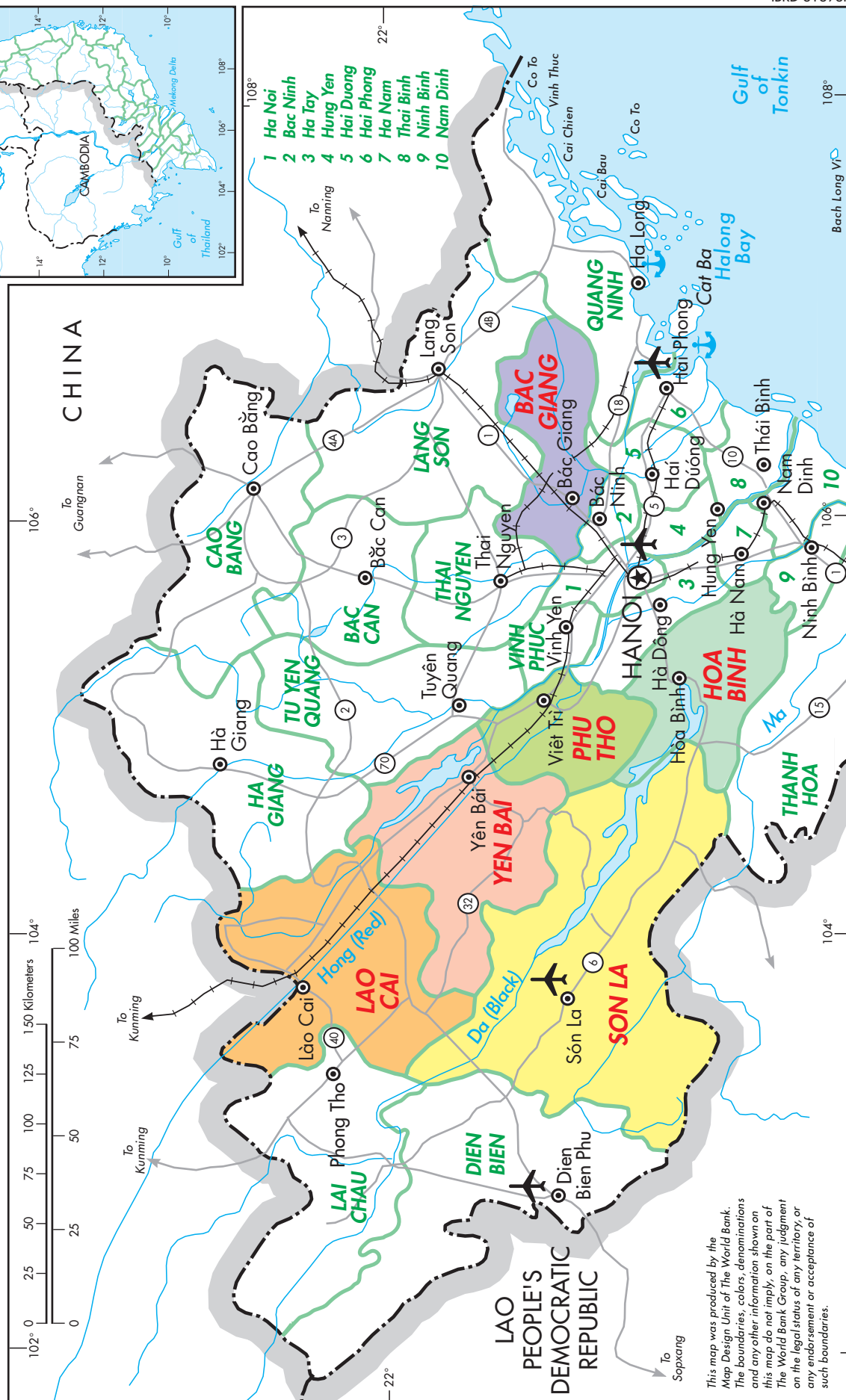
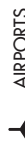
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## VIETNAM



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